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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)

PROPOSED SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE APPLICATION FOR WHITEWASH WAIVER AND RESUMPTION OF TRADING

SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE

On 20 May 2015, the Company entered into the Subscription Agreement with the Subscriber pursuant to which the Company has conditionally agreed to allot and issue to the Subscriber, and the Subscriber has conditionally agreed to subscribe for in cash an aggregate of 4,000,000,000 Subscription Shares at the Subscription Price of HK\$0.25 each (with a total subscription price of HK\$1,000,000,000).

The Subscription Shares represent approximately (i) 92.52% of the existing issued share capital of the Company; and (ii) 48.06% of the issued share capital of the Company as enlarged by the Subscription Shares. The allotment and issue of the Subscription Shares will be made under the Specific Mandate.

None of the Subscriber nor any party acting in concert with him has acquired or disposed of or entered into any agreement or arrangement to acquire or dispose of any voting rights in the Company during the six months prior to the date of this announcement, and none of them is interested in any issued Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company as at the date of this announcement.

WHITEWASH WAIVER

Immediately after Completion, the Subscriber (together with parties acting in concert with him) will in aggregate be interested in 4,000,000,000 Shares, representing approximately 92.52% of the issued share capital of the Company as at the date of this announcement and approximately 48.06% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming that there is no change in the issued share capital of the Company other than the issue of the Subscription Shares). Under Rule 26.1 of the Takeovers Code, the Subscriber would be obliged to make a mandatory general offer to the Shareholders for all the issued Shares and other securities of the Company not already owned or agreed to be acquired by him and parties acting in concert with him unless the Whitewash Waiver is obtained from the Executive. In this regard, the Subscriber will make an application to the Executive for the Whitewash Waiver in respect of the allotment and issue of the Subscription Shares. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, approval by the Independent Shareholders at the SGM by way of a poll.

The Independent Board Committee (comprising all the independent non-executive Directors) has been formed to advise the Independent Shareholders as to the fairness and reasonableness of the Subscription Agreement and the transactions contemplated thereunder and the Whitewash Waiver. Guotai Junan Capital Limited has been approved and appointed by the Independent Board Committee as an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

GENERAL

A circular containing, among other things, details of the Subscription and the Whitewash Waiver, together with the recommendation of the Independent Board Committee to the Independent Shareholders, and the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Subscription and the Whitewash Waiver and the notice of the SGM will be despatched to the Shareholders in accordance with the Listing Rules and the requirements of the Takeovers Code.

The Subscription is subject to the fulfilment or waiver (as the case may be) of a number of conditions precedent set out under the section headed “*Conditions of the Subscription*” in this announcement, including approval by the Independent Shareholders at the SGM of the proposed Subscription contemplated under the Subscription Agreement, the proposed grant of the Specific Mandate and the Whitewash Waiver, and the granting of the Whitewash Waiver by the Executive. Accordingly, the Subscription may or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares (stock code: 139) and the Warrants (stock code of Warrants: 1436) of the Company on the Stock Exchange was halted with effect from 1:56 p.m. on 19 May 2015 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares and the Warrants with effect from 9:00 a.m. on 28 May 2015.

THE SUBSCRIPTION AGREEMENT

Date : 20 May 2015

Parties

Issuer : the Company

Subscriber : Mr. Wei Zhenyu (韋振宇)

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Subscriber is a third party independent of the Company and its connected persons and is not a party acting in concert with any of them.

Subscription Shares

Pursuant to the Subscription Agreement, the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 4,000,000,000 Subscription Shares.

The aggregate nominal value of the Subscription Shares (with a par value of HK\$0.01 each) is HK\$40,000,000.

Subscription Price

HK\$0.25 per Subscription Share.

The aggregate consideration for the Subscription, being HK\$1,000,000,000, shall be payable by the Subscriber in cash on Completion.

The Subscription Price of HK\$0.25 per Subscription Share represents:

- (i) a discount of approximately 73.96% to the closing price of HK\$0.96 per Share as quoted on the Stock Exchange on 19 May 2015 (being the Last Trading Day);
- (ii) a discount of approximately 67.36% to the average of the closing price per Share of approximately HK\$0.766 for the last five trading days as quoted on the Stock Exchange up to and including the Last Trading Day;

- (iii) a discount of approximately 64.74% to the average of the closing price per Share of approximately HK\$0.709 for the last 10 trading days as quoted on the Stock Exchange up to and including the Last Trading Day; and
- (iv) a premium of approximately 212.51% over the unaudited consolidated net asset value per Share as at 30 September 2014 of HK\$0.08.

The Subscription Price was determined after arm's length negotiations between the Company and the Subscriber with reference to the net asset value of the Company, as well as the business performance and the financial position of the Company.

Conditions of the Subscription

Completion is conditional upon satisfaction or waiver (as the case may be) of the following Conditions:

- (i) the Subscriber shall have completed his due diligence on the Group's financial position, business, operation, taxation aspects and assets to his satisfaction within 30 days after the date of signing of the Subscription Agreement;
- (ii) the passing by the Independent Shareholders at the SGM of all resolutions necessary to give effect to the transactions contemplated under the Subscription Agreement, including but not limited to approving:
 - (a) the signing, delivery and performance of the Subscription Agreement and the transactions contemplated thereunder;
 - (b) the grant of the Specific Mandate to the Directors for the allotment and issue of the Subscription Shares;
 - (c) the election of person(s) nominated by the Subscriber as Director(s) with effect from the Completion; and
 - (d) the grant of the Whitewash Waiver by the Executive.
- (iii) the Executive shall have granted the Whitewash Waiver;
- (iv) the Listing Committee of the Stock Exchange shall have granted the approval (either unconditionally or subject to conditions which would neither be objected to by the Company nor the Subscriber) for the listing of, and permission to deal in, the Subscription Shares;
- (v) the Company shall have complied with the reporting requirements under the Listing Rules and obtained the required approval(s) from the Stock Exchange;

- (vi) (if applicable) all other requisite approvals, permissions, consents, authorisations, undertakings, confirmations and certificates (if any) from any governmental, administrative, supervisory, regulatory, judicial, decisional, disciplinary, enforcement or tax authorities, authorised or agency institutions, committees, departments, courts or arbitral institutions (including the Stock Exchange, the SFC or any other relevant stock exchanges) pursuant to the Subscription Agreement and the contemplated transactions shall have been obtained by each party to the Subscription Agreement;
- (vii) (a) the representations and warranties given by the Company under the Subscription Agreement shall be true, accurate and correct in all material respects, without any material omission, and not misleading in any material respect as at the Unconditional Date;
 - (b) the Company shall have fulfilled its obligations and undertakings under the Subscription Agreement; and
 - (c) save as Disclosed, there shall exist no material adverse change on the Group's businesses, assets, financial position, performance, operation, properties or conditions (financial or otherwise);
- (viii) the Subscription Agreement shall have been signed by both the Company and the Subscriber;
- (ix) the Board shall have approved and authorised the entering into and signing of the Subscription Agreement and the Subscription; and
- (x) save as Disclosed, the representations and warranties given by the Company under the Subscription Agreement shall continue to be true and accurate as at the Completion Date.

Save for the above Conditions (i), (vii) and (x) which can be waived by the Subscriber, the Conditions are not waivable by any party to the Subscription Agreement.

In the event that the Conditions are not satisfied or waived (as the case may be) by the Longstop Date, the Subscription Agreement will be terminated and no party to the Subscription Agreement shall have any claim against the others (except for any antecedent breaches under the Subscription Agreement).

Ranking of the Subscription Shares

The Subscription Shares, when issued and fully paid, will rank equally in all respects among themselves and with all the Shares in issue at the date of allotment and issue of the Subscription Shares, including the right to any dividends or distributions made or declared on or after the date of allotment and issue of the Subscription Shares.

Disposal and lock-up restrictions

The Subscription Shares are not subject to any lock-up or other disposal restrictions under the terms of the Subscription Agreement.

Undertaking by the Company

The Company undertakes to the Subscriber that, from the date of the Subscription Agreement to the date of Completion, without first having obtained the prior written consent of the Subscriber, it will not allot or issue (or agree to allot or issue) any new Shares or other securities of the Company or grant any rights (or agree to grant any rights to subscribe for or exchangeable or convertible into Shares or enter into any arrangement which would have the same economic consequences (other than the Subscription Shares or any Shares which may fall to be allotted and issued pursuant to any exercise of the outstanding Options or outstanding Warrants in issue at the date of the Subscription Agreement)).

Completion of the Subscription

Completion will take place on the seventh Business Day following the Unconditional Date, or on such other date as the parties to the Subscription Agreement may agree.

SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company comprise:

- (i) 4,323,180,053 Shares;
- (ii) the outstanding Options entitling the holders thereof to subscribe for a total of 13,821,467 Shares; and
- (iii) the outstanding Warrants entitling the holders thereof to subscribe for a total of 466,301,347 Shares.

Save as disclosed above, the Company has no other outstanding securities convertible or exchangeable into the Shares.

EFFECT OF THE SUBSCRIPTION ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The following table illustrates the shareholding structure of the Company as at the date of this announcement and immediately following Completion (assuming there is no change in the issued share capital of the Company other than the issue of the Subscription Shares since the date of the Subscription Agreement and up to Completion):

Shareholders	As at the date of this announcement		Immediately after completion of the Subscription	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Directors				
Wang Haixiong	460,000,000	10.64	460,000,000	5.53
Wong Howard	1,277,940	0.03	1,277,940	0.02
Wong Yat Fai	1,277,940	0.03	1,277,940	0.02
Other non-public Shareholders				
Joyous Keen Limited (<i>Note 1</i>)	605,000,000	13.99	605,000,000	7.27
Subscriber and parties acting in concert with him (<i>Note 2</i>)	<u>—</u>	<u>—</u>	<u>4,000,000,000</u>	<u>48.06</u>
<i>Sub-total of non-public Shareholders:</i>	<u>1,067,555,880</u>	<u>24.69</u>	<u>5,067,555,880</u>	<u>60.90</u>
Public Shareholders	<u>3,255,624,173</u>	<u>75.31</u>	<u>3,255,624,173</u>	<u>39.10</u>
Total:	<u>4,323,180,053</u>	<u>100</u>	<u>8,323,180,053</u>	<u>100</u>

Notes:

- (1) Joyous Keen Limited is a company incorporated in Hong Kong and owned as to 50% by Chen Anfeng and Chong In Peng.
- (2) As at the date of this announcement, save for the Subscription (which, if successfully completed, will involve the allotment and issue of 4,000,000,000 Shares to the Subscriber), the Subscriber and parties acting in concert with him do not hold, control or have direction over any outstanding options, warrants, or any securities that are convertible into Shares or any derivatives in respect of securities of the Company, or hold any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

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.

INFORMATION ON THE SUBSCRIBER

Mr. Wei Zhenyu (韋振宇), aged 30, is a professional investor. He holds an EMBA degree of the Business School of Nankai University* (南開大學商學院). Since November 2014, Mr. Wei has been appointed and still serves as the executive director and general manager of Shenzhen De Ze Shi Jia Technology Investment Company Limited* (深圳德澤世家科技投資有限公司). Since December 2014, Mr. Wei has been appointed and still serves as the executive director and manager of Lan Ding Industry (Hubei) Company Limited* (藍鼎實業(湖北)有限公司). Since December 2014, Mr. Wei has been appointed and still serves as the director and chairman of Hubei Lan Ding Holding Company Limited* (湖北藍鼎控股股份有限公司), a Shenzhen-listed company (stock code: 971).

INFORMATION REQUIRED UNDER THE TAKEOVERS CODE

As at the date of this announcement, save for the Subscription:

- (i) the Subscriber and parties acting in concert with him do not hold, control or have direction over any outstanding options, warrants, or any securities that are convertible into Shares or any derivatives in respect of securities in the Company, or hold any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (ii) the Subscriber and parties acting in concert with him have not borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (iii) there is no arrangement referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) in relation to the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company or the Subscriber, which might be material to the Subscription and the Whitewash Waiver, with any other persons;
- (iv) there is no agreement or arrangement to which the Subscriber or any party acting in concert with him is a party which relates to circumstances in which he may or may not invoke or seek to invoke a pre-condition or a condition to the Subscription and the Whitewash Waiver; and
- (v) none of the Subscriber or any party acting in concert with him have received any irrevocable commitment to vote for or against the Subscription or the Whitewash Waiver.

Except for the entering into of the Subscription Agreement, none of the Subscriber and parties acting in concert with him, has dealt in the Shares, outstanding options, derivatives, warrants or other securities convertible or exchangeable into Shares, during the six months prior to the date of this announcement.

FUTURE INTENTION OF THE SUBSCRIBER REGARDING THE GROUP

The Subscriber intends to continue the existing businesses of the Group.

The Subscriber intends to appoint new Directors to the Board as soon as permissible under the Takeovers Code, and intends to review the composition of the Board afterwards.

Details of the biographical and other information of each of the prospective Directors or any proposed changes to the composition of the Board will be included in the relevant announcement(s) and/or circular of the Company in accordance with the Listing Rules and/or the Takeovers Code, as appropriate.

REASONS FOR THE SUBSCRIPTION

The Directors are of the view that the Subscription represents a valuable opportunity for the Group to bring in a solid investor with the financial capability to invest in the Company.

The Directors consider that entering into the Subscription Agreement represents a good opportunity to (i) raise a substantial amount of additional funds for the Company; (ii) improve the financial position and liquidity of the Group; and (iii) provide the Company with the financial flexibility necessary for the Group's future business development and the capability to capture any prospective investment opportunity as and when it arises. The Directors are confident that the Subscriber will bring in additional resources and investment opportunities to the Company which are beneficial to the Company and the Shareholders as a whole.

The Board has considered various fund raising methods apart from the Subscription such as debt financing as well as rights issue or open offer. As regards debt financing, having considered that it would increase the gearing level of the Group and the interest expenses incurred which would impose additional financial burden to the Group's future cash flows, the Board considers that such fund raising method is currently not the most appropriate method to the Group. As regards the viability of a rights issue or an open offer, the Board is of the view that it will be difficult to identify underwriter(s) which is/are interested to underwrite a rights issue or open offer of the Company in light of its current financial position. The Directors consider that even if such an independent underwriter were identified, the rights issue or open offer would incur costly underwriting commission and the process would be relatively time consuming.

In light of the above, the Board is of the view that equity financing by way of the Subscription is the most appropriate mean of raising additional capital as (i) it is more practicable and direct under a volatile market and the prevailing uncertain market conditions; (ii) it is less costly and no interest burden is imposed; and (iii) it is less time consuming.

The Directors have considered the dilution effect on the shareholding of the Company before proceeding with the Subscription. Nevertheless, the introduction of the Subscriber (who has the financial capability and is willing to subscribe for the Subscription Shares at a premium over the Company's net asset value) will provide confidence to the Shareholders and the investing public in the Company. Further, with the additional funds from the Subscription to finance its business development, expansion and/or innovations, the Company will be put in a better position to grow. The Directors consider that, the potential for future earnings and the chance to increase the value for the Company will, to a certain extent, outweigh the dilution effect that will occur following completion of the Subscription.

The Directors (excluding the members of the Independent Board Committee, who will express their views after considering the advice of the Independent Financial Adviser as to the fairness and reasonableness of the terms of the Subscription and the Whitewash Waiver) are of the view that the terms of the Subscription Agreement (including the Subscription Price) are fair and reasonable and the Subscription is in the interest of the Company and the Shareholders as a whole.

SPECIFIC MANDATE

In contemplation of the proposed allotment and issue of the Subscription Shares, the Company proposes to seek the grant of the Specific Mandate from the Shareholders at the SGM.

APPLICATION FOR LISTING

An application will be made by the Company to the Listing Committee for the grant of the listing of, and permission to deal in, the Subscription Shares.

USE OF PROCEEDS

The gross proceeds from the Subscription would amount to HK\$1,000,000,000. The net proceeds of the Subscription, after deducting professional fees and other related expenses, are estimated to be approximately HK\$998,000,000, representing a net price of approximately HK\$0.2495 per Subscription Share.

The Company intends to use the net proceeds to be raised from the Subscription as below:

- (i) approximately 90% for the Group's existing money lending business and long-term and short-term securities investment and trading business; and
- (ii) approximately 10% for the research, development and innovations of electronic chip technology and the general working capital of the Group.

FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

Save for the Subscription and save as disclosed below, the Company has not undertaken any fund raising activities on any issue of equity securities in the past twelve months before the date of this announcement:

Event	Net proceeds raised/Intended use of net proceeds	Amount utilised as at the date of this announcement and actual use of net proceeds
Placing of a total of 406,747,565 new Shares at HK\$0.125 each under general mandate completed on 24 July 2014 (the details of which are disclosed in, among others, the Company's announcement dated 8 July 2014)	Approximately HK\$49 million was raised to fund the general working capital of the Group.	Fully utilised, as to: (i) approximately HK\$39 million was utilised for securities investment; and (ii) approximately HK\$10 million was utilised for general working capital of the Group.
Placing of a total of 495,192,763 new Shares at HK\$0.175 each under general mandate completed on 7 November 2014 (the details of which are disclosed in the Company's announcements dated 31 October 2014 and 7 November 2014)	Approximately HK\$84.2 million was raised to fund the general working capital of the Group.	Fully utilised, as to: (i) approximately HK\$81.1 million was utilised for securities investment and trading; (ii) approximately HK\$2.4 million was utilised for administrative expenses; and (iii) the balance was utilised to fund the general working capital of the Group.
Placing of a total of 921,141,959 new Shares at HK\$0.15 each under general mandate completed on 21 November 2014 (the details of which are disclosed in the Company's announcement dated 14 November 2014)	Approximately HK\$133 million was raised, as to: (i) approximately HK\$125 million to pursue expansion of the money lending business of the Group; and (ii) the remaining net proceeds of approximately HK\$8 million, and to the extent that the net proceeds as stated in (i) above are not applied for expansion purposes, to fund the general working capital of the Group.	Fully utilised, as to: (i) approximately HK\$125 million was utilised for expanding the money lending business of the Group; and (ii) the balance was utilised for general working capital of the Group.

Event	Net proceeds raised/Intended use of net proceeds	Amount utilised as at the date of this announcement and actual use of net proceeds
<p>Rights issue of a total of 3,592,111,050 rights shares at HK\$0.15 each on the basis of six (6) rights shares for every share held on the record date (the details of which are disclosed in, among others, the Company's prospectus dated 11 March 2015 and its announcements dated 8 December 2014, 31 March 2015 and 10 April 2015)</p>	<p>Approximately HK\$519.56 million was raised, as to:</p> <ul style="list-style-type: none"> (i) HK\$82.8 million towards the acquisition of King Place Investments Limited and certain shareholder loan (as announced by the Company in its announcements dated 28 November 2014, 27 February 2015 and 1 April 2015) (the "Acquisition"); (ii) HK\$30 million to fund the general working capital of the Group; and (iii) HK\$406.76 million for the Group's financial businesses, including (a) HK\$286.76 million towards investment and trading in both long-term and short-term securities and (b) HK\$120 million towards the Group's money lending business comprising both long-term and short-term loans. 	<p>Partially utilised, as to:</p> <ul style="list-style-type: none"> (i) approximately HK\$82.8 million was fully applied towards the Acquisition; (ii) approximately HK\$3.5 million was utilised for the general working capital (administrative expenses) of the Group; and (iii) approximately HK\$406.76 million was utilised for the Group's financial businesses, including (a) HK\$286.76 million being applied towards investment and trading in both long-term and short-term securities and (b) HK\$120 million being applied towards the Group's money lending business comprising both long-term and short-term loans. <p>The remaining balance of approximately HK\$26.5 million allocated for general working capital of the Group remained unused as at the date of this announcement.</p>

IMPLICATIONS UNDER THE TAKEOVERS CODE

Immediately after Completion, the Subscriber (together with parties acting in concert with him) will in aggregate be interested in 4,000,000,000 Shares, representing approximately 92.52% of the issued share capital of the Company as at the date of this announcement and approximately 48.06% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming that there is no change in the issued share capital of the Company other than the issue of the Subscription Shares).

Under Rule 26.1 of the Takeovers Code, the Subscriber would be obliged to make a mandatory general offer to the Shareholders for all the issued Shares and other securities of the Company not already owned or agreed to be acquired by him and any parties acting in concert with him, unless the Whitewash Waiver is obtained from the Executive.

In this regard, the Subscriber will make an application to the Executive for the Whitewash Waiver in respect of the issue of the Subscription Shares. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, approval by the Independent Shareholders at the SGM by way of poll.

The Executive may or may not grant the Whitewash Waiver. The Subscription contemplated under the Subscription Agreement will not proceed if the Whitewash Waiver is not granted to the Subscriber.

GENERAL

The Independent Board Committee (comprising all the independent non-executive Directors) has been formed to advise the Independent Shareholders in relation to the Subscription and the Whitewash Waiver. Guotai Junan Capital Limited has been approved and appointed by the Independent Board Committee as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. The Independent Board Committee will formally provide their views in the circular to be sent to the Independent Shareholders after considering the advice of the Independent Financial Adviser.

The SGM will be held to consider and, if thought fit, pass the resolutions to approve, among other things: (i) the execution, delivery and performance of the Subscription Agreement; (ii) the grant of the Specific Mandate for the allotment and issue of the Subscription Shares in accordance with the Subscription Agreement; and (iii) the Whitewash Waiver.

The voting in relation to the Subscription Agreement and the Whitewash Waiver at the SGM will be conducted by way of a poll whereby the Subscriber and each of his associates and other Shareholders who are interested or involved in the Subscription and the Whitewash Waiver shall abstain from voting on the relevant ordinary resolutions to be proposed at the SGM. The Subscriber and parties acting in concert with him do not currently hold any Shares and accordingly will not vote on any of the resolutions at the SGM.

A circular containing, among other things, details of the Subscription and the Whitewash Waiver, together with the recommendation of the Independent Board Committee to the Independent Shareholders, and the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Subscription and the Whitewash Waiver and the notice of SGM will be despatched to the Shareholders in accordance with the Listing Rules and the requirements of the Takeovers Code.

The Subscription is subject to the fulfilment or waiver (as the case may be) of a number of conditions precedent set out under the section headed “*Conditions of the Subscription*” in this announcement, including approval by the Independent Shareholders at the SGM of the proposed Subscription contemplated under the Subscription Agreement, the proposed grant of the Specific Mandate and the Whitewash Waiver, and the granting of the Whitewash Waiver by the Executive. Accordingly, the Subscription may or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares (stock code: 139) and the Warrants (stock code of warrants: 1436) of the Company on the Stock Exchange was halted with effect from 1:56 p.m. on 19 May 2015 pending the release of this announcement.

An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares and the Warrants with effect from 9:00 a.m. on 28 May 2015.

DEFINITIONS

“acting in concert”	has the meaning ascribed to it by the Takeovers Code and the expression “concert party(ies)” shall be construed accordingly
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	means a day (other than a Saturday or Sunday) on which commercial banks in Hong Kong are open for business
“Circular”	the circular to be issued by the Company in relation to, among others, the proposed Subscription contemplated under the Subscription Agreement, the proposed grant of the Specific Mandate and the proposed Whitewash Waiver, together with the notice of the SGM, and to be despatched to the Shareholders
“Company”	China Jinhai International Group Limited, a company incorporated in Bermuda, the issued Shares and the Warrants (stock code of Warrants: 1436) are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Subscription in accordance with the terms and conditions of the Subscription Agreement
“Completion Date”	the date of Completion, which shall be the seventh Business Day after the Unconditional Date, or on such other date as the parties may agree
“Conditions”	the conditions precedent to Completion as summarised in the paragraph headed “ <i>Conditions of the Subscription</i> ” in this announcement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	directors of the Company

“Disclosed”	means disclosed fully and fairly in (i) the Subscription Agreement; (ii) the audited accounts and management accounts of the Company; (iii) the announcements, circulars and reports issued by the Company and information or documents of the Company published on the website of the Stock Exchange prior to the signing of the Subscription Agreement; and (iv) the disclosure letter to be delivered by the Company to the Subscriber upon Completion, and/or any written disclosure by the Company and/or its adviser(s) pursuant to the signing of the Subscription Agreement
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Group”	the Company and each of its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent board committee (comprising all the independent non-executive Directors, namely Mr. Li Chi Ming, Mr. Kwok Chi Kwong, Mr. Chen Youchun, Mr. Frank H. Miu and Mr. Tsang Wing Ki) to advise the Independent Shareholders as to the fairness and reasonableness of the terms of the Subscription Agreement and the Whitewash Waiver and as to voting
“Independent Financial Adviser”	Guotai Junan Capital Limited, a corporation licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO, and the independent financial adviser to the Independent Board Committee and the Independent Shareholders for giving advice as to whether the Subscription Agreement and the transactions contemplated thereunder and the Whitewash Waiver are, or are not, fair and reasonable and as to voting
“Independent Shareholders”	shareholders other than the Subscriber, his associates and the parties acting in concert with him, and other Shareholders who are involved or interested in the Subscription Agreement together with the transactions contemplated thereunder, the grant of the Specific Mandate and/or the Whitewash Waiver
“Last Trading Day”	19 May 2015, being the last trading day before the entering into of the Subscription Agreement
“Listing Committee”	the listing sub-committee of the Stock Exchange

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Longstop Date”	30 August 2015 (or such other date as may be agreed by the Subscriber and the Company)
“Options”	the share options granted by the Company to subscribe for new Shares under the Share Option Scheme
“PRC”	the People’s Republic of China
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be held to approve, among other things, the Subscription and the Whitewash Waiver
“Share(s)”	ordinary shares with a par value of HK\$0.01 each in the capital of the Company (which include the Shares listed on the Stock Exchange) or shares of any class or classes resulting from any subdivision, consolidation or re-classification of those Shares, which as between themselves have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation or dissolution of the Company)
“Shareholder(s)”	holder(s) of the Share(s)
“Specific Mandate”	a specific mandate to allot, issue or otherwise deal in additional Shares to be sought from the Shareholders at the SGM to satisfy the allotment and issue of the Subscription Shares upon Completion
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Mr. Wei Zhenyu (韋振宇), the subscriber under the Subscription Agreement
“Subscription”	the subscription for the Subscription Shares subject to the terms and conditions of the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 20 May 2015 and entered into between the Company and the Subscriber in respect of the Subscription

“Subscription Price”	the subscription price of HK\$0.25 per Subscription Share of the subscription for the Subscription Shares by the Subscriber
“Subscription Shares”	subject to the fulfilment of the Conditions and the terms of the Subscription Agreement, 4,000,000,000 new Shares to be subscribed for by the Subscriber at Completion
“Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC
“Unconditional Date”	the date on which all the Conditions have been satisfied or waived (as the case may be) in accordance with the Subscription Agreement
“Warrants”	the warrant(s) issued by the Company and listed on the Main Board of the Stock Exchange (stock code: 1436) conferring right(s) in its/their registered form to the holder(s) thereof to subscribe for Share(s) at the exercise price of HK\$0.10 per Share during the subscription period commencing on 8 April 2015 and expiring on 7 April 2016 (both days inclusive)
“Whitewash Waiver”	a waiver from the Executive pursuant to Note 1 on Dispensations from Rule 26 of the Takeovers Code in respect of the obligations of the Subscriber to make a mandatory general offer for all of the Shares not already owned or agreed to be acquired by the Subscriber or parties acting in concert with him which would, if the Subscription proceeds, otherwise arise as a result of the issue of the Subscription Shares to the Subscriber upon Completion

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

Hong Kong, 27 May 2015

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

Executive Directors

Mr. Wang Haixiong (*Chairman*)
Mr. Wong Howard
Mr. Wong Yat Fai
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

The Directors jointly and severally accept full responsibility for the accuracy of the information (other than that relating to the Subscriber) contained in this announcement and confirm having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the Subscriber) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.

The Subscriber accepts full responsibility for the accuracy of the information (other than that relating to the Group) contained in this announcement and confirm, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this announcement (other than those expressed by the Group) have been arrived at after due and careful consideration, and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.

** For identification purposes only*