

INTERIM REPORT
2014



中國海景控股有限公司
Sino Haijing Holdings Limited

(Stock Code: 01106)

This report, in both English and Chinese versions, is available on the Company's website at <http://www.sinohaijing.com> (the "Company Website").

Shareholders who have chosen or have been deemed consented to receive the corporate communications of the Company (the "Corporate Communications") via the Company Website and who for any reason have difficulty in receiving or gaining access to this report posted on the Company Website will promptly upon request be sent this report in printed form free of charge.

Shareholders may at any time change their choice of the means of receipt (either in printed form or via the Company Website) and/or language(s) (either English only or Chinese only or both languages) of Corporate Communications.

Shareholders may send their request to receive this report in printed form, and/or to change their choice of the means of receipt and/or language(s) of Corporate Communications by notice in writing to the Company's Hong Kong Share Registrar, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or by sending an email to the Hong Kong Share Registrar of the Company at is-ecom@hk.tricorglobal.com.

CONTENTS

	<i>Page</i>
Corporate Information	3
Highlights	4
Condensed Consolidated Statement of Comprehensive Income	5
Condensed Consolidated Statement of Financial Position	6
Condensed Consolidated Statement of Changes in Equity	7
Condensed Consolidated Statement of Cash Flows	8
Notes to the Condensed Consolidated Interim Financial Information	9
Management Discussion and Analysis	14
Other Information	17

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Chao Pang Fei (*Chairman*)
Mr. Wang Yi
Ms. Hui Hongyan
Mr. Lin Caihuo
(appointed on 10 July 2014)

NON-EXECUTIVE DIRECTOR

Mr. Lan Yu Ping
(resigned on 10 July 2014)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ho Ka Wing
Mr. Sin Ka Man
Ms. Chen Hongfang
(resigned on 12 August 2014)
Mr. Li Zhiyong
(appointed on 12 August 2014)
Mr. Liu Yang
(appointed on 12 August 2014)

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Room 2412, 24/F
Wing On Centre
111 Connaught Road Central
Hong Kong

COMPANY SECRETARY

Ms. Choi Yuen Wa (*FCCA, CPA, MBA*)

AUTHORISED REPRESENTATIVES

Mr. Chao Pang Fei
Ms. Choi Yuen Wa (*FCCA, CPA, MBA*)

AUDIT COMMITTEE

Mr. Ho Ka Wing (*Chairman*)
Mr. Sin Ka Man
Ms. Chen Hongfang
(resigned on 12 August 2014)
Mr. Li Zhiyong
(appointed on 12 August 2014)
Mr. Liu Yang
(appointed on 12 August 2014)

REMUNERATION COMMITTEE

Mr. Ho Ka Wing (*Chairman*)
Mr. Sin Ka Man
Ms. Chen Hongfang
(resigned on 12 August 2014)
Mr. Chao Pang Fei
Ms. Hui Hongyan
Mr. Li Zhiyong
(appointed on 12 August 2014)
Mr. Liu Yang
(appointed on 12 August 2014)

NOMINATION COMMITTEE

Mr. Chao Pang Fei (*Chairman*)
Ms. Hui Hongyan
Mr. Ho Ka Wing
Mr. Sin Ka Man
Ms. Chen Hongfang
(resigned on 12 August 2014)
Mr. Li Zhiyong
(appointed on 12 August 2014)
Mr. Liu Yang
(appointed on 12 August 2014)

LEGAL ADVISERS

As to Hong Kong Law
Loong & Yeung

As to Cayman Islands Law
Conyers Dill & Pearman, Cayman

AUDITORS

Mazars CPA Limited
Certified Public Accountants

PRINCIPAL BANKERS

The Bank Of East Asia
HSBC
Bank of China (Hefei)
Bank of Communications (Hefei)
China Merchants Bank (Qingdao)

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
Level 22
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

STOCK CODE

01106

COMPANY'S WEBSITE

<http://www.sinohaijing.com>

HIGHLIGHTS

- Turnover for the six months ended 30 June 2014 (the “Period”) was approximately HK\$253.32 million, representing a decrease of approximately 5.80% as compared to approximately HK\$268.93 million for the corresponding period last year.
- Gross profit for the Period was approximately HK\$35.11 million, representing an increase of approximately 1.53% as compared to approximately HK\$34.58 million for the corresponding period last year. The overall profit margin for the period increased from 12.86% to 13.86%.
- Loss attributable to equity holders of the Company for the Period was approximately HK\$10.69 million, representing a substantial increase of approximately 11,037.50% as compared to approximately HK\$96,000 for the corresponding period last year.
- The board of directors (the “Board”) does not recommend the payment of an interim dividend for the six months ended 30 June 2014.

INTERIM RESULTS

The board of Directors (the "Board") of Sino Haijing Holdings Limited ("the Company") announces the unaudited consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2014, together with unaudited comparative figures for the corresponding period in 2013 as follows:–

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2014 – unaudited

	Notes	Six months ended 30 June	
		2014 HK\$'000	2013 HK\$'000
Turnover	2	253,323	268,926
Cost of sales		(218,215)	(234,348)
Gross profit		35,108	34,578
Other revenue and other income		2,884	3,678
Administrative and other operating expenses		(40,520)	(31,867)
(Loss) Profit from operations		(2,528)	6,389
Finance costs		(6,752)	(5,283)
(Loss) Profit before tax	4	(9,280)	1,106
Income tax expense	5	(1,412)	(1,486)
Loss for the period		(10,692)	(380)
Other comprehensive (loss) income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences arising on translation of foreign operations		(6,890)	4,915
Total comprehensive (loss) income for the period		(17,582)	4,535
Loss attributable to:			
Equity holders of the Company		(10,692)	(96)
Non-controlling interests		–	(284)
		(10,692)	(380)
Total comprehensive (loss) income attributable to:			
Equity holders of the Company		(17,582)	4,584
Non-controlling interests		–	(49)
		(17,582)	4,535
Loss per share	7		(Restated)
– Basic		(4.29 cents)	(0.04 cents)
– Diluted		(4.29 cents)	(0.04 cents)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

	Notes	As at 30 June 2014 HK'000 (Unaudited)	As at 31 December 2013 HK'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	8	163,387	174,883
Lease premium for land		31,304	32,511
Deposits for acquisition of land and property, plant and equipment		7,158	7,340
Goodwill		6,161	6,317
		<u>208,010</u>	<u>221,051</u>
CURRENT ASSETS			
Financial assets at fair value through profit or loss		1,638	1,727
Inventories		23,901	27,309
Lease premium for land		726	745
Trade and other receivables	9	247,062	289,876
Pledged bank deposits		83,478	82,988
Bank balances and cash		19,752	28,995
		<u>376,557</u>	<u>431,640</u>
CURRENT LIABILITIES			
Trade and other payables	10	114,394	130,982
Bank and other borrowings		182,777	203,343
Tax payable		1,116	966
		<u>298,287</u>	<u>335,291</u>
NET CURRENT ASSETS		<u>78,270</u>	<u>96,349</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>286,280</u>	<u>317,400</u>
NON-CURRENT LIABILITIES			
Deferred tax liabilities		2,606	2,742
NET ASSETS		<u>283,674</u>	<u>314,658</u>
CAPITAL AND RESERVES			
Share capital	11	31,163	31,163
Reserves		252,511	268,001
Total equity attributable to equity shareholders of the Company		<u>283,674</u>	<u>299,164</u>
Non-controlling interests		–	15,494
TOTAL EQUITY		<u>283,674</u>	<u>314,658</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2014

	Attributable to equity holders of the Company								Non-Controlling interests HK\$'000	Total equity HK\$'000	
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Share options reserve HK\$'000	Warrants reserve HK\$'000	Statutory surplus reserves HK\$'000	Translation reserve HK\$'000	Accumulated loss HK\$'000			
At 1/1/2013	30,367	232,226	117	1,179	-	17,123	38,606	(12,389)	307,229	14,775	322,004
Transfer to statutory surplus reserve	-	-	-	-	-	2,428	-	(2,428)	-	-	-
(Loss) Profit for the year	-	-	-	-	-	-	-	(20,059)	(20,059)	276	(19,783)
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	-
Exchange difference arising from translation of foreign operations	-	-	-	-	-	-	8,433	-	8,433	443	8,876
Total comprehensive income (loss) for the year	-	-	-	-	-	-	8,433	(20,059)	(11,626)	719	(10,907)
Transactions with equity holders of the Company recognised directly in equity	-	-	-	-	-	-	-	-	-	-	-
Contributions and distributions:	-	-	-	-	-	-	-	-	-	-	-
Exercise of share option	796	3,724	-	(1,179)	-	-	-	-	3,341	-	3,341
Placing of unlisted warrants, net of expenses	-	-	-	-	220	-	-	-	220	-	220
At 31/12/2013 and 1/1/2014	31,163	235,950	117	-	220	19,551	47,039	(34,876)	299,164	15,494	314,658
Loss for the period	-	-	-	-	-	-	-	(10,692)	(10,692)	-	(10,692)
Other comprehensive loss for the period	-	-	-	-	-	-	-	-	-	-	-
Exchange difference arising from translation of foreign operations	-	-	-	-	-	-	(6,890)	-	(6,890)	-	(6,890)
Total comprehensive loss for the period	-	-	-	-	-	-	(6,890)	(10,692)	(17,582)	-	(17,582)
Transactions with equity holders of the Company recognised directly in equity	-	-	-	-	-	-	-	-	-	-	-
Contributions and distributions:	-	-	-	-	-	-	-	-	-	-	-
Changes in ownership interest:	-	-	-	-	-	-	-	-	-	-	-
Acquisition of non-controlling interest in a subsidiary	-	-	-	-	-	-	-	2,092	2,092	(15,494)	(13,402)
Expiry of warrants	-	-	-	-	(220)	-	-	220	-	-	-
At 30/6/2014	31,163	235,950	117	-	-	19,551	40,149	(43,256)	283,674	-	283,674

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2014

	Six months ended 30 June	
	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Net cash inflow from operating activities	20,374	7,455
Net cash outflow from investing activities	(8,384)	(29,972)
Net cash (outflow) inflow from financing activities	(20,566)	14,192
Decrease in cash and cash equivalents	(8,576)	(8,325)
Cash and cash equivalents at the beginning of the period	28,995	21,120
Effect of foreign exchange rate change	(667)	271
Cash and cash equivalents at the end of the period	19,752	13,066
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	19,752	13,066

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. BASIS OF PREPARATION

The Group's unaudited consolidated results for the six months ended 30 June 2014 have been prepared in accordance with the Hong Kong Financial Reporting Standards 34 "Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and applicable disclosure requirements in the Appendix 16 of the Listing Rules

The HKICPA has issued a number of new and revised HKFRSs and interpretations that are first effective or available for early adoption for the current accounting period of the company. There have been no significant changes to the accounting policies applied in these financial statements for the periods presented as a result of these developments.

The preparation of financial statements in conformity with the HKFRS requires the use of certain critical accounting estimates. It is also requires management to exercise their judgments in the process of applying the Group's accounting policies.

The accounting policies adopted in preparing the unaudited condensed consolidated interim results were consistent with those applied for the financial statements of the Group for the year ended 31 December 2013.

The consolidated interim results have not been audited by the Company's auditors, but have been reviewed by the Company's Audit Committee.

2. TURNOVER

Turnover represents the sale of packaging materials, which excludes value-added tax and other sale taxes, and is stated after deduction of all goods returns and trade discounts.

3. SEGMENT REPORTING

a) *Segment revenue, results, assets and liabilities*

The Group is principally engaged in the manufacture and sale of packaging materials in the People's Republic of China ("PRC"). The Group's chief operating decision maker regularly reviews their consolidated financial information to assess the performance and make resource allocation decisions. Accordingly, there is only one operating segment for the Group and no segmental revenue, results, assets and liabilities are presented.

b) *Geographical information*

The geographical location of customers is based on the location at which the goods are delivered. Substantially, all of the Group's revenue from external customers and non-current assets are located in the PRC. Therefore, no analysis on revenue from external customers and non-current assets by location are presented.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

4. (LOSS) PROFIT BEFORE TAXATION

(Loss) Profit before taxation is arrived at after charging:-

	Six months ended 30 June	
	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Audit fee	280	280
Cost of inventories recognized as expense	218,215	234,348
Depreciation	9,979	10,655
Impairment loss on property, plant and equipment included in administrative and other operating expenses	2,997	-
Net exchange loss	2,103	-
Staff costs	35,922	35,615
Interest expenses on borrowings	6,752	5,283
	<u> </u>	<u> </u>

5. INCOME TAX

Hong Kong Profits Tax has not been provided as the Group had no estimated assessable profits for both current and prior periods. The income tax provision in respect of operations in the PRC is calculated at the applicable tax rates on the estimated assessable profits for the period based on existing legislation, interpretations and practices in respect thereof.

6. INTERIM DIVIDEND

For the six months ended 30 June 2014, the Board does not recommend the payment of an interim dividend (2013: Nil)

7. LOSS PER SHARE

The calculations of the basic and diluted loss per share attributable to the equity holders of the Company are based on the following data:

	Six months ended 30 June	
	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Loss attributable to equity holders of the Company	<u>(10,692)</u>	<u>(96)</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

	Six months ended 30 June	
	2014 '000 (Unaudited)	2013 '000 (Unaudited) (Restated)
Number of shares:		
Issued ordinary shares at 1 January	1,246,501	1,214,688
Effect of share consolidation	(997,201)	(971,750)
Effect of shares issued	–	6,040
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	<u>249,300</u>	<u>248,978</u>

Diluted loss per share equals to basic loss per share as there were no potential dilutive ordinary shares outstanding for the period ended 30 June 2014. Diluted loss per share is the same as the basic loss per share for the period ended 30 June 2013 because the effect of potential ordinary shares is anti-dilutive.

8. PROPERTY, PLANT AND EQUIPMENTS

During the six months ended 30 June 2014, additions to property, plant and equipments amounted to HK\$8,384,000 (six months ended 30 June 2013: HK\$29,972,000) and disposal amounted HK\$14,137,000 (six months ended 30 June 2013: HK\$524,000).

9. TRADE AND OTHER RECEIVABLES

	As at 30 June 2014 HK'000 (Unaudited)	As at 31 December 2013 HK'000 (Audited)
Trade receivables	181,887	184,460
Less: Allowance for trade receivables	(90)	(92)
Note receivables	181,797	184,368
Other receivables	54,504	95,793
Prepayments and deposits	4,071	6,929
	6,690	2,786
	<u>247,062</u>	<u>289,876</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

The ageing analysis of the trade receivables at the end of the reporting period is as follows:

	As at 30 June 2014 HK'000 (Unaudited)	As at 31 December 2013 HK'000 (Audited)
Within 3 months	173,421	176,479
Over 3 months but within 6 months	7,707	7,497
Over 6 months but within 1 year	448	43
Over 1 year	311	441
	181,887	184,460
Less: Allowance for trade receivables	(90)	(92)
	181,797	184,368

The normal credit period granted to the customers of the Group is 90 to 120 days (2013: 90 to 120 days). Allowance for trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly.

10. TRADE AND OTHER PAYABLES

	As at 30 June 2014 HK'000 (Unaudited)	As at 31 December 2013 HK'000 (Audited)
Trade payables	75,513	70,496
Bills payables	27,136	47,126
Other payables	11,745	13,360
	114,394	130,982

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

The aging analysis of the trade payables is as follows:–

	As at 30 June 2014 HK'000 (Unaudited)	As at 31 December 2013 HK'000 (Audited)
Within 3 months	58,995	61,445
Over 3 months but within 6 months	9,394	6,138
Over 6 months but within 1 year	4,218	1,198
Over 1 year	2,906	1,715
	<u>75,513</u>	<u>70,496</u>

11. SHARE CAPITAL

HK\$'000

Authorised:

As at 31 December 2013

– 4,000,000,000 ordinary shares of HK\$0.025 each (Audited) 100,000

As at 30 June 2014

– 800,000,000 ordinary shares of HK\$0.125 each
(Unaudited) Note a 100,000

Issued and fully paid:

As at 31 December 2013

– 1,246,500,620 ordinary shares of HK\$0.025 each (Audited) 31,163

As at 30 June 2014

– 249,300,124 ordinary shares of HK\$0.125 each
(Unaudited) Note a 31,163

Note a Pursuant to an ordinary resolution passed at the annual general meeting of the Company held at 19 May 2014, every 5 issued and unissued ordinary share of HK\$0.025 each in the share capital of the Company is consolidated into 1 share of HK\$0.125 each. Upon the share consolidation becoming effective on 20 May 2014, the authorized share capital of the Company became HK\$100,000,000 divided into 800,000,000 consolidated shares, of which 249,300,124 consolidated shares are in issue and fully paid.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Turnover

Turnover for the Period was approximately HK\$253.32 million, representing a decrease of approximately 5.80% as compared to approximately HK\$268.93 million for the corresponding period last year.

Gross profit

Gross profit for the Period was approximately HK\$35.11 million, representing an increase of approximately 1.53% as compared to approximately HK\$34.58 million for the corresponding period last year. The overall profit margin for the period increased from 12.86% to 13.86%.

Other operating income

Other operating income was approximately HK\$2.88 million for the Period, representing a decrease of approximately 21.58% as compared to approximately HK\$ HK\$3.68 million for the corresponding period last year. The decrease in other operating income was mainly due to the exchange gain from the pledged RMB fixed deposit held by the Company was approximately HK\$1.29 million for the corresponding period last year. Whereas the exchange loss from the pledged RMB fixed deposit held by the Company was approximately HK\$2.1 million (included in the administrative and other operating expenses) for the Period.

Finance costs

Finance costs for the Period were approximately HK\$6.75 million, representing an increase of approximately 27.80% as compared to approximately HK\$5.28 million for the corresponding period last year.

Loss for the Period

Loss attributable to equity holders of the Company for the Period was approximately HK\$10.69 million, representing a substantial increase of approximately 11,037.50% as compared to approximately HK\$96,000 for the corresponding period last year. The increase in loss attributable to equity holders of the Company was mainly due to (i) exchange loss from the pledged RMB fixed deposit held by the Company was approximately HK\$2.1 million (ii) the shutdown of production line of honeycomb paper and scrap of old moulds of the Group resulting in an increase of impairment loss on property, plant and equipment of approximately of HK\$3 million and (iii) an one-off set-up cost due to the construction of new production plant in Qingdao of approximately of HK\$3.94 million.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group mainly focuses on the production and sale of expanded polystyrene (“EPS”) packaging products for household electrical appliances in the PRC. The Group commits to provide excellent integrated packaging solutions to its customers, including design, development, testing and production of cushion packaging products.

During the first half year of 2014, the Group was exposed to the overall decline in economic growth and the continuous downturn of the property market in the PRC, resulting in continuously reduced demand for household electrical appliances and brought unprecedented challenges to the Group. Whereas the continuous rise of fuel, electricity, labour cost and accessory materials costs increased the operating costs of the Group squeezed the profit margins of the Group.

BUSINESS OUTLOOK

The economic prospects of the PRC are impacted by the sluggish US economy and high inflation. The market demand for the household electrical appliances will not be expected to rebound strongly in the near future. Whereas in the past few years, subsidy policies of “Rural Area Subsidized Electrical Appliances Purchase Policy” and “Energy Efficient Product Subsidy Policy” have utilized the market demand for the household electrical appliances in advance.

The household electrical appliances industry is now facing the problem of overcapacity whereas the EPS packaging industry is also facing the problem of overcapacity and the fierce competition within the industry.

Looking forward, the Group will focus on upgrading its production technology, strengthening the internal management and developing new businesses.

ENHANCE PRODUCTION TECHNOLOGY

The Group will enhance its production technology management, improve its production processes, including to improve mould design and management, streamline the production processes, reduce scrap products, improve the product quality to enhance the overall production efficiency.

The Group utilizes massive steam in the daily production processes and improving the mould design can effectively reduce the consumption of steam. The Group will focus on improving mould design, thereby enhancing production efficiency and cost savings.

STRENGTHEN INTERNAL MANAGEMENT

The Group will continue to strengthen its internal management, establish a sound internal control system to enable the Group’s continuous, stable and healthy development.

The Group will continuously simplify and improve procedures and processes to further streamline its operations. The Group will convene regular internal meetings to facilitate communication among the Group’s subsidiaries in order to promote market information

MANAGEMENT DISCUSSION AND ANALYSIS

and exchange production technology so that all departments complement each other in their respective merits and enhance overall efficiency.

The Group will also continue to keep its inventory at reasonably low level in order to enhance profitability.

DEVELOP OIL RELATED BUSINESSES

At the end of July 2014, the Group has established a wholly foreign-owned enterprise in the PRC in order to explore oil related businesses. The Group will diversifying its businesses by developing oil related businesses in the PRC which the Central government has repeatedly pledged to relax the entry barriers and encouraged more private capital to enter. Diversifying into oil related business would allow the Group to capture the first-mover advantage of exploring the huge potential of oil business amid the early stage of the oil industry reform and hence also broaden the Group's revenue base.

EVENT AFTER THE REPORTING PERIOD

Proposed Issue of Notes

On 24 July 2014, the Company entered into a placing agreement with the placing agent pursuant to which the placing agent agreed to procure, on a best endeavour basis, placees who (and their respective ultimate beneficial owners, if applicable) are third parties independent of, and not connected with the Company, its connected persons (within the meaning of the Listing Rules) and their respective associates to subscribe for the 7% per annum secured notes ("**Notes**") to be issued by the Company in an aggregate principal amount of up to HK\$300 million maturing on the third anniversary of the date of the first issue of Notes at the placing price equal to 100% of the principal amount of the Notes ("**Placing**"). The placing period for the Placing shall last for a period of six months commencing on the day immediately following the date of the Placing Agreement. The Notes will constitute direct, unconditional, unsubordinated and secured obligations of the Company and will rank equally and without any preference amongst themselves. The Notes will be secured by an equitable mortgage over all the share capital of Great Prospect Enterprises Limited, a wholly owned subsidiary of the Company which was incorporated under the laws of the British Virgin Islands.

If all the Notes are fully and successfully placed, the gross proceeds from the issuance of the Notes will be HK\$300 million and the net proceeds of the issuance will be approximately HK\$294 million after deduction of the relevant commission and expenses. The Group intends to use the net proceeds of the issuance for developing potential new business should such opportunities arise and for the working capital of the Group. For further details of the Placing, please refer to the announcement of the Company dated 24 July 2014.

Shareholders and potential investors should note that under the Placing Agreement, the Placing is undertaken on a best endeavour basis. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

OTHER INFORMATION

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2014, shareholders' funds of the Group amounted to approximately HK\$283.67 million, the Group's current assets amounted to approximately HK\$376.56 millions and the Group's current liabilities amounted to approximately 298.29 million which mainly comprised its trade and other payables and interest-bearing bank borrowings. Taken into consideration of its current financial resources, the Group shall have adequate capital for its continual operation and development.

PLEDGE OF ASSETS

As at 30 June 2014, the Group pledged assets with aggregate carrying value of HK\$179.54 million (As at 31 December 2013: HK\$204.49 million) to secure banking facilities.

CAPITAL COMMITMENT

As at 30 June 2014, the Group's capital commitment contracted but not provided for in the financial statements is HK\$9.20 million (As at 31 December 2013: HK\$11.77 million).

CONTINGENT LIABILITIES

As at 30 June 2014, the Group did not have any significant contingent liabilities.

HEDGING

The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of its Directors, as at the date of this report, there is sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

EMPLOYEES

As at 30 June 2014, the Group employed a total of 376 (as at 31 December 2013: 451) employees based in the PRC and Hong Kong. Employees were remunerated based on their performance, experience and industry practices.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS

As at 30 June 2014, the interests or short positions of the Directors and the Chief Executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 under the Laws of Hong Kong (the "SFO"), as recorded in the register kept by the Company pursuant to Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange of Hong Kong Limited

OTHER INFORMATION

(the "Stock Exchange") pursuant to the Model Code for Securities Transactions by the Directors of Listed issuers (the "Model Code") contained in the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") were as follows:

Long positions in the shares and underlying shares of the Company

Name of Director	Personal interests	Corporate interest	Total	Approximate % of issued share capital
Mr. Chao Pang Fei ("Mr. Chao")	7,934,000	138,079,024 (Note)	146,013,204	58.57
Mr. Wang Yi	710,000	–	710,000	0.28
Ms Hui Hongyan	934,400	–	934,400	0.37

Note:

These shares are legally owned by Haijing Holdings Limited ("Haijing Holdings"), a company incorporated in the British Virgin Islands ("BVI") with limited liability and is wholly owned by Mr. Chao. By virtue of his 100% shareholding interest in Haijing Holdings, Mr. Chao is taken to be interested in all the shares of the Company held by Haijing Holdings pursuant to Part XV of the SFO.

Save as disclosed above, as at 30 June 2014, none of the Directors or the Chief Executive of the Company nor their respective associates had any interest or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of SFO, to be entered in the register referred to therein; or (c) notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS OF THE SUBSTANTIAL SHAREHOLDERS

As at 30 June 2014, so far as is known to the Directors of the Company, the following, not being a Director or the Chief Executive of the Company, have an interest or a short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO and are recorded in the register kept by the Company under section 336 of SFO:

Long positions in the shares of the Company

Name	Types of interests	Number of shares	Approximate % of interest
Haijing Holdings	Beneficial owner	138,079,024	55.39
Ms. Sam Mei Wa (Note)	Interest of spouse	146,013,204	58.57

OTHER INFORMATION

Note:

Ms Sam Mei Wa (“Mrs. Chao”) is the spouse of Mr. Chao Pang Fei, hence Mrs. Chao is taken to be interested in all the Shares held or deemed to be held by Mr. Chao pursuant to the SFO.

Save as disclosed above, as at 30 June 2014, the Directors of the Company were not aware of any persons who has an interest or short position in the Shares, or underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors as set out in Appendix 10 of the Listing Rules as the code for Directors’ securities transactions (“the Model Code”). Having made specific enquiry, all the Directors confirmed their compliance with the required standard set out in the Model Code throughout the six months ended 30 June 2014.

PURCHASE, DISPOSAL OR REDEMPTION OF SECURITIES

During the six months ended 30 June 2014, neither the Company, nor any of its subsidiaries purchased, disposed of or redeemed any of the Company’s listed securities.

CORPORATE GOVERNANCE

The Board periodically reviews the corporate governance practices of the Company to ensure its continuous compliance with the Corporate Governance Code (the “Code”), set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”). The Company has complied with applicable code provisions of each of the Former Code and the Revised Code for the six months ended 30 June 2014, except for certain deviations which are summarized below:

Code Provision A.2.1

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

Mr. Chao Pang Fei is the chairman and chief executive officer of the Company. In view of the scale of operations of the Company and the fact that daily operations of the Group’s business is delegated to the senior executives and departments heads, the Board considers that vesting the roles of both chairman and chief executive officer in the same person will not impair the balance of power and authority between the Board and the management of the Company.

OTHER INFORMATION

Code Provision A.4.1

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. Independent Non-Executive Directors of the Company are not appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meeting in accordance with the Articles of Association of the Company.

Code Provision A.6.7

Revised Code Provision A.6.7 stipulates that independent non-executive directors and other non-executive directors, as equal board members, should give the board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the views of shareholders.

For the annual general meeting held on 19 May 2014, only the chairman, one executive director and one independent non-executive director attended the meeting. The rest of the board of directors could not attend the meeting due to their busy business schedules or other engagements. The Company will endeavour to arrange the future general meeting with the presence of the non-executive director and independent non-executive directors so as to fulfill the requirement of Code Provision A.6.7.

AUDIT COMMITTEE

In accordance with the requirement of the Listing Rules, the Group established an Audit Committee comprising three independent non-executive directors of the Company. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group.

The Audit Committee currently comprises three independent non-executive directors, namely Mr. Ho Ka Wing, Mr. Sin Ka Man and Ms Chen Hongfang.

The Group's unaudited condensed consolidated interim results for the six months ended 30 June 2014 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

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

Hong Kong, 8 August 2014

As at the date of this report, the Board comprises Mr. Chao Pang Fei (executive Director), Mr. Wang Yi (executive Director), Ms. Hui Hongyan (executive Director), Mr. Lin Caihuo (executive Director), Mr. Ho Ka Wing (independent non-executive Director), Mr. Sin Ka Man (independent non-executive Director) and Ms. Chen Hongfang (independent non-executive Director).

This report is published on the HKExnews website at <http://www.hkexnews.hk> and on the website of the Company at <http://www.sinohaijing.com>.