2014
ANNUAL REPORT

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 Hong Kong Share Registrar of the Company, 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

Corporate Information

EXECUTIVE DIRECTORS

Mr. Chao Pang Fei *(Chairman)*
Mr. Wang Yi
Ms. Hui Hongyan
Ms. Szeto Wai Ling, Virginia
(appointed on 19 March 2015)
Mr. Lam Wai Hung (appointed on 19 March 2015)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ho Ka Wing
Mr. Sin Ka Man
Mr. Hong Jianhua (appointed on 5 February 2015)

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
Mr. Hong Jianhua (appointed on 5 February 2015)

REMUNERATION COMMITTEE

Mr. Ho Ka Wing *(Chairman)*
Mr. Sin Ka Man
Mr. Hong Jianhua (appointed on 5 February 2015)
Mr. Chao Pang Fei
Ms. Hui Hongyan

NOMINATION COMMITTEE

Mr. Chao Pang Fei *(Chairman)*
Ms. Hui Hongyan
Mr. Ho Ka Wing
Mr. Sin Ka Man
Mr. Hong Jianhua (appointed on 5 February 2015)

LEGAL ADVISERS

As to Hong Kong Law
Loong & Yeung

As to Cayman Islands Law
Conyers Dill & Pearman, Cayman

AUDITOR

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

Directors and Senior Management

Biographical details of directors of the Company and the senior management of the Group are set out below:

DIRECTORS

EXECUTIVE DIRECTORS

Mr. Chao Pang Fei, aged 54, is the chairman and the chief executive officer of the Group and is responsible for the formulation of corporate strategy and the steering of the overall development of the Group. Mr. Chao has over 19 years of experience in expanding and promoting the EPS packaging industry in the PRC. Mr. Chao joined the Group in September 2005. Mr. Chao is the sole director and sole shareholder of Haijing Holdings Limited, which is a controlling shareholder (as defined under the Listing Rules) of the Company.

Mr. Wang Yi, aged 53, is the general manager of Hefei Haijing Packing Materials Company Limited, a subsidiary of the Group. He is responsible for overseeing the operation of Hefei Haijing Packing Materials Company Limited. Mr. Wang graduated from Shanghai Light Industry College. Mr. Wang has over 27 years of experience in the EPS production and technical management. Mr. Wang joined the Group in January 2008.

Ms. Hui Hongyan, aged 50, is responsible for the financial management of the Group's subsidiaries in the PRC. Ms. Hui graduated from the University of Shenzhen majoring in accountancy. Ms. Hui had over 20 years of experience in different management positions in finance department of various companies in the PRC. Ms. Hui joined the Group in September 2005.

Ms. Szeto Wai Ling Virginia, aged 52, is a practicing solicitor in Hong Kong and a solicitor of the Supreme Court of England and Wales. She is currently the sole practitioner of Szeto Virginia & Co, Solicitors. Ms. Szeto holds a Bachelor of Laws Degree from Oxford Brookes University and a Master of Science Degree in Criminal Justice Policy from The London School of Economics and Political Science.

Mr. Lam Wai Hung, aged 35, holds a Bachelor of Accounting and Finance Degree from Leeds Metropolitan University and is a member of the Association of Chartered Certified Accountants. He had been working in various companies listed on the Stock Exchange, and was responsible for works related to financial management, corporate finance, merger and acquisition, investor relationship and corporate governance. Mr. Lam is currently an executive director of Jinheng Automotive Safety Technology Holdings Limited (Stock Code: 872), a company listed on the main board of the Stock Exchange.

Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ho Ka Wing, aged 43, has over 17 years of management experience. Mr. Ho received a bachelor degree of business from the Monash University in Australia in 1997 and a master of degree of business administration from the University of Surrey in the United Kingdom in 2000.

Mr. Sin Ka Man, aged 47, has over 23 years of professional experience in auditing, accounting and financial management for both private and listed corporations. He is an associate member of The Hong Kong Institute of Certified Public Accountants, a fellow member of The Association of Chartered Certified Accountants and a certified practising accountant of the CPA Australia. Mr. Sin holds a bachelor degree in Social Sciences from the University of Hong Kong, a master degree in finance from the University of Strathclyde, the United Kingdom and a master degree in accounting from Curtin University of Technology, Australia.

Mr. Hong Jianhua, aged 36, graduated from Henan College of Finance & Taxation (河南省財政稅務高等專科學校) in 2000 majoring in Finance and has been a practicing certified PRC accountant since 2006. He had attended the training course for senior management of listed companies organized by the Shenzhen Stock Exchange in November 2011. From March 2004 to January 2006, Mr. Hong was the project manager for Henan Xinshidai Accounting Firm Company Limited (河南新時代會計師事務所有限公司). From March 2006 to February 2007, he had been the audit manager for Shenzhen Jinniu Taxation Firm (深圳金牛稅務師事務所). Since March 2007, he has been a partner of Shenzhen Yida Accounting Firm Company Limited (深圳市義達會計師事務所有限公司).

SENIOR MANAGEMENT

Ms. Choi Yuen Wa, Frieda, aged 47, is the financial controller and company secretary of the Group. Ms. Choi joined the Group in August 2005 and is responsible for the financial management, accounting and company secretarial matters of the Group. Ms. Choi holds a master degree in business administration from the University of Surrey in the United Kingdom. Ms. Choi is a fellow member of the Association of Chartered Certified Accountants and is an associate member of the Hong Kong Institute of Certified Public Accountants. Prior to joining to the Group, Ms. Choi had worked in the finance department of two public listed companies in Hong Kong. She has over 21 years of professional experience in the field of auditing, accounting and financial management.

Directors' Business Review

The board of directors (the "Board") of Sino Haijing Holdings Limited (the "Company") herein presents the audited annual results of the Company and its subsidiaries (together, the "Group") for the financial year ended 31 December 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

TURNOVER

For the year under review, the Group recorded a total turnover of approximately HK$563.57 million, representing a decrease of 2.09% as compared to approximately HK$575.58 million for the corresponding year in 2013.

GROSS PROFIT

Gross profit was approximately HK$80.42 million for the year 2014, representing an increase of approximately 10.68% as compared to approximately HK$72.66 million for the corresponding year in 2013. The overall profit margin increased from 12.62% for 2013 to 14.27%.

OTHER OPERATING INCOME

Other operating income was approximately HK$6.36 million for the year 2014, representing a decrease of approximately 47.39% as compared with approximately HK$12.09 million for the corresponding year in 2013. The decrease in other operating income was mainly due to a substantial reduction of the government grants from approximately HK$2.78 million in the year 2013 to approximately HK$0.48 million for the corresponding year in 2014 and the exchange gain from the pledged RMB fixed deposit held by the Company was approximately HK$2.78 million for the year 2013. 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 year under review.

FINANCE COSTS

Finance costs for the year 2014 were approximately HK$12.96 million, representing an increase of approximately 23.31% as compared to approximately HK$10.51 million for the corresponding year in 2013. The increase of finance costs was mainly due to increase in bank and other borrowings.

LOSS FOR THE YEAR

For the year under review, loss attributable to equity holders of the Company was approximately HK$11.59 million representing a decrease of approximately 42.23% as compared to approximately of HK$20.06 million for the corresponding year in 2013. An impairment loss on goodwill included in administrative and other operating expenses was approximately HK$6.2 million representing a decrease of approximately 56.15% as compared with approximately HK$14.14 million for the corresponding year in 2013.

Directors' Business Review

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, developing, testing and production of cushion packaging products. During the year of 2014, the Group was still exposed to a tough operating environment due to the overall decline in economic growth and the continuous downturn of the property market in the PRC, resulting in significantly reduced demand for household electrical appliances.

Presently, the economy of the PRC is weak and 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" 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.

During the year under review, the Group had intended to develop the oil-related businesses in order to broaden the revenue base of the Group. Because of the volatile fluctuation of the oil prices in the second half of 2014, the Group decided to cancel the developing the oil-related businesses after considering their relevant business risks.

BUSINESS OUTLOOK

Looking forward, the Group will focus on upgrading the production technology, strengthen the internal management and develop new customers.

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 the consumption of water and electricity, reduce scrap products, improve the product quality and to enhance the overall production efficiency.

The Group requires utilizing massive steam in the daily production processes and to improve 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 make operations more streamlined. The Group will convene regular internal meetings to facilitate communication among the Group's subsidiaries in order to promote market information 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.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2014, the Group's current assets amounted to approximately HK$424.44 million (2013: HK$431.64 million) of which approximately HK$9.15 million (2013: HK$29.00 million) were bank balances and cash. The Group's current liabilities amounted to approximately HK$345.23 million (2013: HK$335.29 million) which mainly comprised its trade and other payables and interest-bearing bank and other borrowings.

As at 31 December 2014, the Group's interest-bearing bank and other borrowings of approximately HK$242.58 million had variable interest rates and were repayable within one year, which were secured by the Group's buildings, investment properties, lease premium for land, trade and other receivables and pledged bank deposits (2013: approximately HK$203.34 million).

Taken into consideration of its current financial resources, the Group shall have adequate capital for its continual operation and development.

GEARING RATIO

As at 31 December 2014, the total tangible assets of the Group were approximately HK$630.60 million whereas the total liabilities were approximately HK$347.84 million. The gearing ratio (total liabilities divided by total tangible assets) was approximately 55.16%.

EMPLOYEES

As at 31 December 2014, the Group had a total of around 363 (2013: 451) staff. The Group remunerates its employees based on their performance, experience and industry practices.

CAPITAL STRUCTURE

As at 31 December 2014, the Group's net assets were financed by internal resources and bank and other borrowings.

Directors' Business Review

SIGNIFICANT INVESTMENTS

There were no significant investments held by the Group as at 31 December 2014.

CAPITAL COMMITMENT

As at 31 December 2013, the group's outstanding capital commitment contracted but not provided for in the financial statements was approximately HK$13.90 million (2013: HK$11.77 million).

PLEDGE OF ASSETS OF THE GROUP

As at 31 December 2014, the Group pledged assets with aggregate carrying value of HK$189.64 million (2013: HK$204.49 million) to secure banking and other facilities and other borrowings.

CONTINGENT LIABILITIES

As at 31 December 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.

APPRECIATION

The Board would like to thank all customers, shareholders, business associates and professional advisers for their continuous support and extend its appreciation to all fellow directors and employees for their invaluable efforts and hard work, dedication and commitment to the Group during the year.

For and on behalf of the Board

Chao Pang Fei
Chairman

Hong Kong, 23 March 2015

Corporate Governance Report

CORPORATE GOVERNANCE DUTIES

The Board periodically reviews the corporate governance practices of the Company to ensure its continuous compliance with the Code on Corporate Governance Practices (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 the Code for the year ended 31 December 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.

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

Code Provision A.6.7 stipulates that independent 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 independent non-executive directors so as to fulfill the requirement of Code Provision A.6.7.

Corporate Governance Report

DIRECTORS AND OFFICERS INSURANCE

Appropriate insurance covers on directors' and officers' liabilities have been in force to protect the directors and officers of the Group from their risk exposure arising from the business of the Group.

DIRECTORS' TRAINING AND PROFESSIONAL DEVELOPMENT

The Code Provision A.6.5 of the Code provides that Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant.

The Directors are committed to comply with the Code regarding directors' training. The Directors, namely Mr. Chao Pang Fei, Mr. Wang Yi, Ms. Hui Hongyan and Mr. Ho Ka Wing have participated in a workshop on the Listing Rules organized by the company secretary of the Company during the year ended 31 December 2014. Mr. Sin Ka Man has provided a record of relevant training he received for the year ended 31 December 2014 to the Company.

THE BOARD

RESPONSIBILITIES

The Board is responsible for the leadership and control of the Company and oversees the Group's businesses, strategic decisions and performances and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. In practice, the Board takes responsibility for decision making in all major matters of the Company including: the approval and monitoring of all policy matters, the setting of objectives, annual budgets and overall strategies, material transactions (in particular those which may involve conflict of interests), appointment of directors and other significant financial and operational matters. The day-to-day management, administration and operation of the Company are delegated to the senior executives. These responsibilities include the implementation of decisions of the Board, the co-ordination and direction of day-to-day operation and management of the Company in accordance with the management strategies and plans approved by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by these senior executives and the Board has the full support of them to discharge its responsibilities.

All directors have full and timely access to all relevant information as well as the advice and services of the professional advisers, as and when required, with a view to ensuring that Board procedures and all applicable rules and regulations are followed.

Each director is normally able to seek independent professional advice in appropriate circumstances at the Company's expense, upon making request to the Board.

Corporate Governance Report

COMPOSITION

The composition of the Board reflects the necessary balance of skills and experience desirable for effective leadership of the Company and independence in decision making.

The Board of the Company as at the date of this report comprises the following directors:

EXECUTIVE DIRECTORS:

Mr. Chao Pang Fei *(Chairman)*
Mr. Wang Yi
Ms. Hui Hongyan
Ms. Szeto Wai Ling, Virginia (appointed on 19 March 2015)
Mr. Lam Wai Hung (appointed on 19 March 2015)

INDEPENDENT NON-EXECUTIVE DIRECTORS:

Mr. Ho Ka Wing
Mr. Sin Ka Man
Mr. Hong Jianhua (appointed on 5 February 2015)

The list of directors (by category) is also disclosed in all corporate communications issued by the Company pursuant to the Listing Rules.

None of the members of the Board is related to one another.

In accordance with the Company's articles of association, one-third of the directors for the time being shall retire from office and being eligible, offer themselves for re-election at the forthcoming annual general meeting. Detailed information of the directors standing for re-election will be included in the Company's circular to be dispatched together with the notice of the forthcoming annual general meeting.

The Board recommended the re-appointment of the directors standing for re-election at the forthcoming annual general meeting of the Company.

BOARD AND BOARD COMMITTEES MEETINGS

NUMBER OF MEETINGS AND DIRECTORS' ATTENDANCE

Regular Board meetings should be held at least four times a year for reviewing and approving the financial and operating performance, and considering and approving the overall strategies and policies of the Company.

During the year ended 31 December 2014, 8 Board meetings (4 of which were regular Board meetings), 3 Audit Committee meetings, 2 Remuneration Committee meetings and 2 Nomination Committee meetings were held.

The individual attendance record of each director at the meetings of the Board, Audit Committee, Remuneration Committee and Nomination Committee, during the year ended 31 December 2014 is set out below:

	Attendance/Number of Meetings held during the tenure of directorship			
Name of Directors	**Board**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**
Executive Directors				
– Mr. Chao Pang Fei	8/8	N/A	2/2	2/2
– Mr. Wang Yi	7/8	N/A	N/A	N/A
– Ms. Hui Hongyan	8/8	N/A	2/2	2/2
– Ms. Szeto Wai Ling, Virginia	N/A	N/A	N/A	N/A
– Mr. Lam Wai Hung	N/A	N/A	N/A	N/A
Independent Non-Executive Directors				
– Mr. Ho Ka Wing	8/8	3/3	2/2	2/2
– Mr. Sin Ka Man	8/8	3/3	2/2	2/2
– Mr. Hong Jianhua	N/A	N/A	N/A	N/A

PRACTICES AND CONDUCT OF MEETINGS

Annual meeting schedules and draft agenda of each meeting are normally made available to directors in advance.

In general, at least 14 days' notice should be given for a regular Board meeting. For other Board and committee meetings, reasonable notices are generally given.

Board papers together with all appropriate, complete and reliable information are sent to all directors at least 3 days before each Board meeting or Audit Committee meeting to keep the directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. All directors are given an opportunity to include matters in the agenda for regular Board meetings. The Board and each director also have separate and independent access to the senior executives whenever necessary. With the support of the senior executives, the Chairman is responsible for ensuring that the directors receive adequate, complete and reliable information in a timely manner and appropriate briefing on issues arising at Board meetings.

Minutes of all Board meetings recording sufficient details of matters considered and decisions reached are kept by the secretary of the meetings and opened for inspection by the directors.

The Company's articles of association contain provisions requiring directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such directors or any of their associates have a material interest.

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, Remuneration Committee and Nomination Committee for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference.

The Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances at the Company's expenses.

Corporate Governance Report

AUDIT COMMITTEE

The Company had established an Audit Committee in compliance with the Listing Rules. In accordance with Rule 3.10 of the Listing Rules, the Company has already appointed three independent non executive Directors and at least one of them has accounting expertise to assist the management in formulating development strategies of the Group, and to ensure that the preparation of the financial reports and other mandatory reports by the Board are in strict adherence to appropriate standards in order to protect the interests of the Shareholders and the Company. The Company has received confirmation of independence from each of the independent non-executive Directors in accordance with Rule 3.13 of the Listing Rules, and believes that, for the year ended 31 December 2014 up to the date of this annual report, they were independent to the Company in accordance with the relevant requirements of the Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting and internal control procedures of the Group.

The Audit Committee comprises Mr. Ho Ka Wing, Mr. Sin Ka Man and Mr. Hong Jianhua who are Independent Non-Executive Directors of the Company. Mr. Ho Ka Wing is the chairman of the Audit Committee.

During the year, the Audit Committee held three meetings to review and comment on the Company's 2013 annual report, 2014 interim report as well as the Company's internal control procedures.

The Group's annual results for the year ended 31 December 2014 were 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 were made.

REMUNERATION COMMITTEE

The Company established the Remuneration Committee in compliance of the Listing Rules. The primary duties of the Remuneration Committee mainly include: (i) reviewing the terms of the remuneration package of each Director and member of senior management, and making recommendations to the Board regarding any adjustment thereof; and (ii) reviewing and evaluating the performance of individual executive Directors for determining the amount of bonus (if any) payable to them.

The Remuneration Committee consists of three independent non-executive Directors, namely, Mr. Ho Ka Wing and Mr. Sin Ka Man and Mr. Hong Jianhua and two executive Directors, namely, Mr. Chao Pang Fei and Ms. Hui Hongyan. Mr. Ho Ka Wing is the chairman of the Remuneration Committee.

The written terms of reference of the Remuneration Committee are available on the Company's website.

Remuneration Committee shall meet at least once every year for reviewing the remuneration policies.

The Remuneration Committee had held two meetings for the year ended 31 December 2014.

For the year ended 31 December 2014, the Remuneration Committee reviewed the existing remuneration policies of the Company.

The remuneration of the members of the senior management by band for the year ended 31 December 2014 is set out below:

Remuneration band	**Number of persons**
HK$1,000,000 or below	1

Further particulars regarding Directors', chief executive's remuneration and the five highest paid employees as required to be disclosed pursuant to Appendix 16 to the Listing Rules are set out in Notes 9 and 10 to the consolidated financial statements.

NOMINATION COMMITTEE

The Company established the Nomination Committee in compliance of the Listing Rules. The primary duties of the Nomination Committee are to make recommendations to the Board on the appointment of Directors and management of the Board's succession, and to ensure that the candidates to be nominated as Directors are experienced, high caliber individuals. The Nomination Committee consists of three independent non-executive Directors, namely, Mr. Ho Ka Wing and Mr. Sin Ka Man and Mr. Hong Jianhua and two executive Directors, namely, Mr. Chao Pang Fei and Ms. Hui Hongyan. Mr. Chao Pang Fei is the chairman of the Nomination Committee.

The written terms of reference of the Nomination Committee are available on the Company's website.

The Nomination Committee shall meet at least once every year for reviewing the structure, size and composition of the Board, assessing the independence of the independent non-executive Directors and other related matters.

The Nomination Committee had held two meetings for the year ended 31 December 2014.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transaction by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code") as the code for Directors' securities transactions. Specific enquiry has been made by the Company and all Directors have confirmed that they have complied with the Model Code throughout the year ended 31 December 2014.

RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports required under the Listing Rules and other regulatory requirements.

The directors acknowledged their responsibility for preparing the financial statements of the Company for the year ended 31 December 2014.

The statement of the external auditor of the Company about its reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report on pages 26 to 27.

COMPANY SECRETARY

The company secretary of the Company, Ms. Choi Yuen Wa, appointed on 30 August 2005, is responsible for facilitating the process of Board meetings, as well as communications among Board members, with Shareholders and the management of the Company. Ms. Choi's biography is set out in the "Directors and Senior Management" section of this annual report. During the year ended 31 December 2014, Ms. Choi undertook not less than 15 hours of professional training to update her skills and knowledge in compliance with Rule 3.29 of the Listing Rules.

AUDITOR'S REMUNERATION

For the year ended 31 December 2014, the remuneration payable to the auditor of the Company amounted to approximately HK$590,000, all of which was related to audit services.

INTERNAL CONTROLS

The Board has overall responsibility for the internal control system of the Company. The Board has developed its systems of internal control and risk management and is also responsible for reviewing and maintaining an adequate internal control system to safeguard the interests of the shareholders and the assets of the Company. During the year under review, the Board has conducted a review of the effectiveness of the internal control system of the Company.

SHAREHOLDER RIGHTS

The rights of shareholders and the procedures for demanding a poll on resolutions at shareholders' meetings are contained in the Company's articles of association. Details of such rights to demand a poll were included in the circular to shareholders in relation to the holding of 2014 annual general meeting and explained during the proceedings of the meeting.

The general meetings of the Company provide an opportunity for communication between the shareholders and the Board. The Chairman of the Company attended the 2014 annual general meeting to answer questions at the meeting.

Separate resolutions were proposed at 2014 annual general meeting on each substantial issue, including the election of individual directors.

The Company's auditors also attended the 2014 annual general meeting.

Report of the Directors

The directors present herewith their annual report and the audited consolidated financial statements of Sino Haijing Holdings Limited ("the Company") and its subsidiaries (together with the Company, "the Group") for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the Group's subsidiaries are set out in note 19 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

The information in respect of the Group's sales and purchases attributable to the major customers and suppliers respectively during the financial year is as follows:

	Percentage of the Group's total	
	Sales	**Purchases**
The largest customer	49%	
Five largest customers in aggregate	79%	
The largest supplier		33%
Five largest suppliers in aggregate		67%

At no time during the year have the directors, their associates or any shareholders of the Company (which to the knowledge of the directors owns more than 5% of the Company's share capital) had any interest in these major customers and suppliers.

SEGMENT REPORTING

Details of segment reporting are set out in note 6 to the consolidated financial statements.

FINANCIAL STATEMENTS AND DIVIDENDS

The results of the Group for the year are set out in the consolidated statement of comprehensive income on page 28.

The state of affairs of the Group and the Company as at 31 December 2014 are set out in the consolidated statement of financial position on pages 29 to 30 and the statement of financial position on page 31, respectively.

The directors do not recommend the payment of any final dividend in respect of the year ended 31 December 2014.

Report of the Directors

FINANCIAL SUMMARY

A summary of the results of the Group for each of the five years ended 31 December 2014 and of the assets and liabilities as at 31 December 2010, 2011, 2012, 2013 and 2014 are set out on page 87.

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment during the year are set out in note 16 to the consolidated financial statements.

SHARE CAPITAL

Movements in share capital of the Company during the year are set out in note 27 to the consolidated financial statements.

RESERVES

Movements in reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 32.

DIRECTORS

The directors who held office during the year and up to the date of this report were:

EXECUTIVE DIRECTORS

Mr. Chao Pang Fei *(Chairman)*
Mr. Wang Yi
Ms. Hui Hongyan
Ms. Szeto Wai Ling, Virginia (appointed on 19 March 2015)
Mr. Lam Wai Hung (appointed on 19 March 2015)
Mr. Lin Caihuo (appointed on 10 July 2014 and resigned on 3 November 2014)

NON-EXECUTIVE DIRECTOR

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ho Ka Wing
Mr. Sin Ka Man
Mr. Hong Jianhua (appointed on 5 February 2015)
Ms. Chen Hongfang (resigned on 12 August 2014)
Mr. Li Zhiyong (appointed on 12 August 2014 and resigned on 5 February 2015)
Mr. Liu Yang (appointed on 12 August 2014 and resigned on 3 November 2014)

Report of the Directors

In accordance with Article 87(1) of the Company's articles of association, one-third of the directors for the time being shall retire from office and being eligible, offer themselves for re-election at the forthcoming annual general meeting.

Mr. Chao Pang Fei and Ms. Hui Hongyan have entered into a service contract with the Company for an initial term of one year commencing from 13 September 2005 and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other.

Mr. Hong Jianhua has entered into a service contract with the Company for a term of one year commencing on 5 February 2015.

Ms. Szeto Wai Ling, Virginia and Mr. Lam Wai Hung have entered into a service contract with the Company for a term of one year commencing on 19 March 2015.

Each of the independent non-executive directors has confirmed his independence to the Company pursuant to Rule 3.13 of the Listing Rules for the year ended 31 December 2014 and the Company considers the independent non-executive directors to be independent.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the year.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in the "Continuing Connected Transaction" section on page 24, no other contracts of significance in relation to the Group's business to which the Company, any of its subsidiaries or its holding company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year was the Company or its holding company or any of its subsidiaries a party to any arrangements to enable the Company's directors, their respective spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES

DIRECTORS' INTERESTS AND SHORT POSITIONS IN THE SECURITIES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 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 pursuant to the Model Code contained in the Listing Rules were as follows:

LONG POSITIONS IN THE 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	138,079,204 *(Note 1)*	146,013,204	58.57
Mr. Wang Yi	380,000	–	380,000	0.15
Ms. Hui Hongyan	534,400	–	534,400	0.21

Notes:

1. 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 31 December 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 SUBSTANTIAL SHAREHOLDER

PERSONS WHO HAVE AN INTEREST OR SHORT POSITION WHICH IS DISCLOSEABLE UNDER DIVISIONS 2 AND 3 OF PART XV OF THE SFO AND SUBSTANTIAL SHAREHOLDERS

As at 31 December 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

Name of	**Nature of interests**	**Number of share**	**Approximate percentage of the issued share capital of the Company** %
Haijing Holdings	Beneficial owner	138,079,204	55.39
Ms. Sam Mei Wa	Interest of spouse	146,013,204 *(Note)*	58.57

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

COMPETING INTERESTS

As at 31 December 2014, none of the Directors or management shareholders (as defined in Listing Rules) of the Company or their respective associates had interests in a business which competed or was likely to compete, either directly or indirectly, with the business of the Company.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the listed securities of the Company during the year.

CONTINUING CONNECTED TRANSACTION

PRODUCT SALES TRANSACTION

On 27 August 2012, the Group entered into a product sales agreement with Huizhou Jinghua Packing Materials Company Limited ("Huizhou Jinghua") pursuant to which the Group has agreed to sell the mould products to Huizhou Jinghua for a term up to 31 December 2014 ("Product Sales Transaction"). Huizhou Jinghua is wholly owned by Mr. Chao Pang Fei, the ultimately controlling shareholder of the Company. The Product Sales Transaction constitutes a continuing connected transaction for the Company.

Optimising its production resources, the Group has been consolidating its operation and manufacturing facilities. The Company considers that certain production resources may be applied more efficiently and effectively by utilising them to carry out Product Sales Transaction to Huizhou Jinghua at prices agreeable to the Group, generating additional income for the Group.

On 27 August 2012, the Company set the annual caps for the Product Sales Transaction for the three years ending 31 December 2014 at RMB1.5 million for 2012, RMB3.5 million for 2013 and RMB4.0 million for 2014.

The annual caps were determined with reference to projections of the Company which in turn are prepared by the Company mainly with reference to the following major factors:

(1) internal target turnover of the Group for purpose of estimating the annual caps with reference to the negotiation with Huizhou Jinghua; and

(2) a buffer of 5%.

Report of the Directors

Pursuant to rule 14A.38 of the Listing Rules, the Board engaged the auditors of the Company to report on the continuing connected transactions of the Group and the auditors have confirmed that the transactions:

1. have received the approval from the Board;

2. were in accordance with the pricing policies of the Group where the transactions involve provision of goods and services by the Group;

3. have been entered into in accordance with the relevant agreements governing the transactions; and

4. have not exceeded the caps disclosed in the relevant announcements.

The auditor has reported its factual findings to the Board. The independent non-executive directors of the Company have reviewed the transactions and the findings and confirmed that the transactions are:

1. in the ordinary and usual course of business of the Group;

2. on normal commercial terms; and

3. in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

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.

AUDITOR

The financial statements for the year ended 31 December 2014 have been audited by Mazars CPA Limited, who retires and, being eligible, offer itself for re-appointment at the forthcoming annual general meeting of the Company.

On behalf of the board

Chao Pang Fei
Chairman
Hong Kong, 23 March 2015

Independent Auditor's Report

To the shareholders of
Sino Haijing Holdings Limited
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Sino Haijing Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 28 to 86, which comprise the consolidated and the Company's statements of financial position as at 31 December 2014, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

Independent Auditor's Report

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014, and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Mazars CPA Limited
Certified Public Accountants
Hong Kong, 23 March 2015

Eunice Y M Kwok
Practising Certificate number: P04604

Consolidated Statement of Comprehensive Income

Year ended 31 December 2014

	Note	2014 *HK$'000*	2013 *HK$'000*
Turnover	*5*	**563,565**	575,579
Cost of sales		**(483,145)**	(502,920)
Gross profit		**80,420**	72,659
Other revenue and other income	*7*	**6,362**	12,092
Administrative and other operating expenses		**(81,705)**	(90,169)
Profit (Loss) from operations		**5,077**	(5,418)
Finance costs	*8*	**(12,957)**	(10,508)
Loss before tax	*8*	**(7,880)**	(15,926)
Income tax expense	*11*	**(3,706)**	(3,857)
Loss for the year		**(11,586)**	(19,783)
Other comprehensive (loss) income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(6,904)**	8,876
Total comprehensive loss for the year		**(18,490)**	(10,907)
(Loss) Profit attributable to:			
Equity holders of the Company	*12*	**(11,586)**	(20,059)
Non-controlling interests		**–**	276
		(11,586)	(19,783)
Total comprehensive (loss) income attributable to:			
Equity holders of the Company		**(18,490)**	(11,626)
Non-controlling interests		**–**	719
		(18,490)	(10,907)
Loss per share	*14*		*(Adjusted)*
– Basic		**(HK$4.65 cents)**	(HK$8.05 cents)
– Diluted		**(HK$4.65 cents)**	(HK$8.05 cents)

Consolidated Statement of Financial Position

At 31 December 2014

	Note	2014 HK$'000	2013 HK$'000
Non-current assets			
Investment properties	15	**9,809**	–
Property, plant and equipment	16	**160,095**	174,883
Lease premium for land	17	**30,920**	32,511
Deposits for acquisition of land and property, plant and equipment		**5,333**	7,340
Goodwill	18	**–**	6,317
		206,157	221,051
Current assets			
Financial assets at fair value through profit or loss	20	**1,861**	1,727
Inventories	21	**25,605**	27,309
Lease premium for land	17	**727**	745
Trade and other receivables	22	**290,543**	289,876
Pledged bank deposits	23	**96,559**	82,988
Bank balances and cash		**9,149**	28,995
		424,444	431,640
Current liabilities			
Trade and other payables	24	**101,618**	130,982
Bank and other borrowings	25	**242,578**	203,343
Current tax payable		**1,033**	966
		345,229	335,291
Net current assets		**79,215**	96,349
Total assets less current liabilities		**285,372**	317,400
Non-current liabilities			
Deferred tax liabilities	26	**2,606**	2,742
NET ASSETS		**282,766**	314,658

Consolidated Statement of Financial Position

At 31 December 2014

	Note	2014 *HK$'000*	2013 *HK$'000*
Capital and reserves			
Share capital	*27*	**31,163**	31,163
Reserves	*28*	**251,603**	268,001
Equity attributable to equity holders of the Company		**282,766**	299,164
Non-controlling interests	*29*	**–**	15,494
TOTAL EQUITY		**282,766**	314,658

Approved and authorised for issue by the Board of Directors on 23 March 2015.

Chao Pang Fei
Director

Hui Hongyan
Director

Statement of Financial Position

At 31 December 2014

	Note	2014 HK$'000	2013 HK$'000
NON-CURRENT ASSETS			
Interests in subsidiaries	19	**248,219**	247,264
CURRENT ASSETS			
Other receivables	22	**2,030**	2,131
Pledged bank deposits	23	**83,485**	82,988
Bank balances and cash		**360**	126
		85,875	85,245
CURRENT LIABILITIES			
Other payables	24	**415**	453
Bank borrowings	25	**75,000**	67,000
		75,415	67,453
NET CURRENT ASSETS		**10,460**	17,792
NET ASSETS		**258,679**	265,056
CAPITAL AND RESERVES			
Share capital	27	**31,163**	31,163
Reserves	28	**227,516**	233,893
TOTAL EQUITY		**258,679**	265,056

Approved and authorised for issue by the Board of Directors on 23 March 2015.

Chao Pang Fei
Director

Hui Hongyan
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2014

	Attributable to equity holders of the Company										
	Share capital HK$'000	Share premium HK$000	Capital reserve HK$'000	Share options reserve HK$'000	Warrants reserve HK$'000	Statutory surplus reserve HK$'000	Translation reserve HK$'000	Accumulated losses HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 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											
Contributions and distributions:											
Exercise of share options	796	3,724	–	(1,179)	–	–	–	–	3,341	–	3,341
Placing of unlisted warrants, net of expenses	–	–	–	–	220	–	–	–	220	–	220
At 31 December 2013 and 1 January 2014	**31,163**	**235,950**	**117**	**–**	**220**	**19,551**	**47,039**	**(34,876)**	**299,164**	**15,494**	**314,658**
Transfer to statutory surplus reserve	**–**	**–**	**–**	**–**	**–**	**2,680**	**–**	**(2,680)**	**–**	**–**	**–**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(11,586)**	**(11,586)**	**–**	**(11,586)**
Other comprehensive loss for the year											
Exchange differences arising from translation of foreign operations	**–**	**–**	**–**	**–**	**–**	**–**	**(6,904)**	**–**	**(6,904)**	**–**	**(6,904)**
Total comprehensive loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**(6,904)**	**(11,586)**	**(18,490)**	**–**	**(18,490)**
Transactions with equity holders of the Company											
Contributions and distributions:											
Expiry of unlisted warrants	**–**	**–**	**–**	**–**	**(220)**	**–**	**–**	**220**	**–**	**–**	**–**
Changes in ownership interests											
Acquisition of non-controlling interests in a subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**2,092**	**2,092**	**(15,494)**	**(13,402)**
At 31 December 2014	**31,163**	**235,950**	**117**	**–**	**–**	**22,231**	**40,135**	**(46,830)**	**282,766**	**–**	**282,766**

Consolidated Statement of Cash Flows

Year ended 31 December 2014

	2014 *HK$'000*	2013 *HK$'000*
Loss before tax	**(7,880)**	(15,926)
Exchange difference	**(124)**	1,139
Interest expenses	**12,957**	10,508
Depreciation of property, plant and equipment	**20,882**	21,389
Amortisation of lease premium for land	**789**	963
Impairment loss on goodwill	**6,198**	14,136
Impairment loss on property, plant and equipment	**–**	11,031
Impairment loss on trade receivables	**421**	–
Interest income	**(2,645)**	(2,741)
Net loss on disposal of property, plant and equipment	**6,070**	399
Fair value change of financial assets at fair value through profit or loss	**(177)**	(888)
Changes in working capital:		
Financial assets at fair value through profit or loss	**43**	5,032
Inventories	**1,138**	(1,357)
Trade and other receivables	**(7,783)**	(13,678)
Trade and other payables	**(26,391)**	29,336
Cash generated from operations	**3,498**	59,343
Interest received	**2,645**	2,741
Income tax paid	**(3,692)**	(3,159)
Net cash generated from operating activities	**2,451**	58,925
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(22,876)**	(41,091)
Proceeds from disposal of property, plant and equipment	**3,795**	4,007
Deposits for acquisition of land and property, plant and equipment	**(5,393)**	(6,195)
Increase in pledged bank deposits	**(13,571)**	(3,530)
Net cash used in investing activities	**(38,045)**	(46,809)
FINANCING ACTIVITIES		
Proceeds from placing of unlisted warrants	**–**	220
Proceeds from shares issued upon exercise of share options	**–**	3,341
New bank and other borrowings raised	**243,572**	207,755
Repayment of bank and other borrowings	**(200,779)**	(205,660)
Acquisition of non-controlling interest in a subsidiary	**(13,402)**	–
Interest paid	**(12,957)**	(10,508)
Net cash from (used in) financing activities	**16,434**	(4,852)
Net (decrease) increase in cash and cash equivalents	**(19,160)**	7,264
Effect on exchange rate changes	**(686)**	611
Cash and cash equivalents at beginning of reporting period	**28,995**	21,120
Cash and cash equivalents at end of reporting period, represented by bank balances and cash	**9,149**	28,995

Notes to the Consolidated Financial Statements

Year ended 31 December 2014

1. GENERAL INFORMATION

Sino Haijing Holdings Limited is a limited liability company incorporated in the Cayman Islands on 8 July 2002 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The addresses of the registered office and principal place of business of the Company are disclosed in the "General Information" section of this annual report.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are detailed in note 19 to the consolidated financial statements.

2. PRINCIPAL ACCOUNTING POLICIES

a) BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual HKFRS, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and accounting principles generally accepted in Hong Kong. These consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance concerning the preparation of financial statements, which for this financial year and the comparative period continue to be those of the predecessor Hong Kong Companies Ordinance (Cap.32), in accordance with the transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2013 consolidated financial statements except for the adoption of the following new/revised HKFRSs that are relevant to the Group and effective from the current year. A summary of the principal accounting policies adopted by the Group is set out below.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

a) BASIS OF PREPARATION *(Continued)*

Amendments to HKAS 32: Presentation – Offsetting Financial Assets and Financial Liabilities

The amendments to HKAS 32 clarify the requirements for offsetting financial instruments. These amendments do not have an impact on the consolidated financial statements as they are consistent with the policies already adopted by the Group.

Amendments to HKAS 36: Recoverable Amount Disclosures for Non-Financial Assets

The amendments to HKAS 36 modify the disclosure requirements for impaired non-financial assets. Among them, additional information is required to be disclosed when the recoverable amount of impaired assets is based on fair value less costs of disposal. These amendments do not have an impact on the consolidated financial statements.

b) BASIS OF MEASUREMENT

The measurement basis used in the preparation of these consolidated financial statements is historical cost, except for financial assets at fair value through profit or loss, which are measured at fair value as explained in the accounting policies set out below.

c) BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries as at 31 December each year. The financial statements of the subsidiaries are prepared for the same reporting year as that of the Company using consistent accounting policies.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Non-controlling interests are presented, separately from the equity holders of the Company, in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position. The non-controlling interests in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, are measured initially either at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. This choice of measurement basis is made on an acquisition-by-acquisition basis. Other types of non-controlling interests are initially measured at fair value, unless another measurement basis is required by HKFRSs.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

c) BASIS OF CONSOLIDATION *(Continued)*

Allocation of total comprehensive income

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the Company and to the non-controlling interests. Total comprehensive income is attributed to the equity holders of the Company and the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in ownership interest

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the equity holders of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest determined at the date when control is lost and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests at the date when control is lost. The amounts previously recognised in other comprehensive income in relation to the disposed subsidiary are accounted for on the same basis as would be required if the Company had directly disposed of the related assets or liabilities. Any investment retained in the former subsidiary and any amounts owed by or to the former subsidiary is accounted for as a financial asset, associate, jointly controlled entity or others as appropriate from the date when control is lost.

d) SUBSIDIARIES

A subsidiary is an entity that is controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

In the Company's statement of financial position, investment in subsidiaries is stated at cost less impairment loss. The carrying amount of the investment is reduced to its recoverable amount on an individual basis, if it is higher than the recoverable amount. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

e) GOODWILL

Goodwill arising on an acquisition of a subsidiary is measured at the excess of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of any previously held equity interest in the acquiree over the acquisition date amounts of the identifiable assets acquired and the liabilities assumed of the acquired subsidiary.

Goodwill on acquisition of subsidiary is recognised as a separate asset. Goodwill is carried at cost less accumulated impairment losses, which is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment test and determination of gain or loss on disposal, goodwill is allocated to cash-generating units. An impairment loss on goodwill is not reversed.

In respect of a subsidiary, any excess of the acquisition date amounts of identifiable assets acquired and the liabilities assumed of the acquired subsidiary over the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree, if any, after reassessment, is recognised immediately in profit or loss as a bargain purchase.

f) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, other than construction-in-progress, are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Repairs and maintenance are charged to profit or loss during the year in which they are incurred.

Depreciation is provided to write off the cost less accumulated impairment losses of property, plant and equipment, other than construction-in-progress, over their estimated useful lives as set out below from the date on which they are available for use and after taking into account their estimated residual values, using the straight-line method. Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis and depreciated separately:

Buildings and leasehold improvements	5 to 20 years
Plant and machinery	5 to 10 years
Furniture and equipment	5 to 10 years
Motor vehicles	5 to 10 years
Moulds	5 years

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

f) PROPERTY, PLANT AND EQUIPMENT *(Continued)*

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year in which the item is derecognised.

If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Property, plant and equipment" up to the date of change in use.

g) INVESTMENT PROPERTIES

Investment properties are land and/or buildings that are held by owner or lessee under finance lease, to earn rental income and/or for capital appreciation. These include properties held for a currently undetermined future use, properties that are being constructed or developed for future use as investment properties and properties that are held under operating lease, which satisfy the definition of investment property.

Investment properties are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is provided to write off the cost less accumulated impairment losses of investment properties over the shorter of unexpired term of lease and the expected economic useful life of 20 years, using straight-line method, after taking into account their estimated residual values.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year in which the item is derecognised.

h) CONSTRUCTION-IN-PROGRESS

Construction-in-progress is stated at cost less accumulated impairment losses. Cost comprises all costs directly attributable to the construction. Construction-in-progress is transferred to property, plant and equipment and depreciation commences when construction is completed and the asset is ready for intended use.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

i) LEASE PREMIUM FOR LAND

Lease premium for land is up-front payment to acquire fixed term interests in lessee-occupied land that are classified as operating leases. The premium is stated at cost less accumulated amortisation and impairment losses and is amortised over the period of the lease on a straight-line basis to profit or loss.

j) FINANCIAL INSTRUMENTS

Recognition and derecognition

Financial assets and financial liabilities are recognised when and only when the Group becomes a party to the contractual provisions of the instruments and on a trade date basis.

A financial asset is derecognised when and only when (i) the Group's contractual rights to future cash flows from the financial asset expire or (ii) the Group transfers the financial asset and either (a) the Group transfers substantially all the risks and rewards of ownership of the financial asset, or (b) the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but it does not retain control of the financial asset.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises the financial asset to the extent of its continuing involvement and an associated liability for amounts it may have to pay.

A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expires.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

j) FINANCIAL INSTRUMENTS *(Continued)*

Classification and measurement

Financial assets or financial liabilities are initially recognised at their fair value plus, in the case of financial assets or financial liabilities not carried at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial assets or financial liabilities.

1. *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. They are carried at fair value, with any resultant gain and loss recognised in profit or loss, which includes any dividend or interest earned on the financial assets.

Financial assets are classified as held for trading if they are (i) acquired or incurred principally for the purpose of selling in the near future; (ii) part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or (iii) derivatives that are not financial guarantee contracts or not designated and effective hedging instruments.

Financial assets are designated at initial recognition as at fair value through profit or loss if (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on a different basis; or (ii) they are part of a group of financial assets and/or financial liabilities that are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) they contain embedded derivatives that would need to be separately recorded.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial asset at fair value through profit or loss, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

j) FINANCIAL INSTRUMENTS *(Continued)*

Classification and measurement *(Continued)*

2. *Loans and receivables*

Loans and receivables including bank balances and cash, pledged bank deposits, and trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are not held for trading. They are measured at amortised cost using the effective interest method, except where receivables are interest-free loans and without any fixed repayment term or the effect of discounting would be insignificant. In such case, the receivables are stated at cost less impairment loss. Amortised cost is calculated by taking into account any discount or premium on acquisition over the period to maturity. Gains and losses arising from derecognition, impairment or through the amortisation process are recognised in profit or loss.

3. *Financial liabilities*

The Group's financial liabilities include trade and other payables, bank and other borrowings. All financial liabilities except for derivatives are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

4. *Impairment of financial assets*

At the end of each reporting period, the Group assesses whether there is objective evidence that financial assets, other than those at fair value through profit or loss, are impaired. The impairment loss of financial assets carried at amortised cost is measured as the difference between the assets' carrying amount and the present value of estimated future cash flow discounted at the financial asset's original effective interest rate. Such impairment loss is reversed in subsequent periods through profit or loss when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

k) REVENUE RECOGNITION

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue and costs, if applicable, can be measured reliably and on the following bases:

Sale of packaging materials is recognised on transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and the title is passed. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts and returns.

Interest income from financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Rental income under operating leases is recognised when the properties are let out and on the straight-line basis over the lease terms.

l) CASH EQUIVALENTS

For the purpose of the consolidated statement of cash flows, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts.

m) FOREIGN CURRENCY TRANSLATION

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in the currency of Hong Kong dollars, which is the Company's functional currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

m) FOREIGN CURRENCY TRANSLATION *(Continued)*

The results and financial position of all the group entities that have a functional currency different from the presentation currency ("foreign operations") are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented and, where applicable, goodwill and fair value adjustments on the carrying amounts of assets and liabilities arising on an acquisition of a foreign operation which are to be treated as assets and liabilities of that foreign operation, are translated at the closing rate at the end of the reporting period;

- Income and expenses for each statement of comprehensive income are translated at average exchange rate;

- All resulting exchange differences arising from the above translation and exchange differences arising from a monetary item that forms part of the Group's net investment in a foreign operation are recognised as a separate component of equity;

- On the disposal of a foreign operation, which includes a disposal of the Group's entire interest in a foreign operation, a disposal involving the loss of control over a subsidiary that includes a foreign operation, the cumulative amount of the exchange differences relating to the foreign operation that is recognised in other comprehensive income and accumulated in the separate component of equity is reclassified from equity to profit or loss when the gain or loss on disposal is recognised; and

- On the partial disposal of the Group's interest in a subsidiary that includes a foreign operation which does not result in the Group losing control over the subsidiary, the proportionate share of the cumulative amount of the exchange differences recognised in the separate component of equity is re-attributed to the non-controlling interests in that foreign operation and are not reclassified to profit or loss.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

n) INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and, where applicable, cost of conversion and other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the weighted average cost method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period of the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

o) IMPAIRMENT OF NON-FINANCIAL ASSETS

At the end of each reporting period, the Group reviews internal and external sources of information to assess whether there is any indication that its property, plant and equipment, investment properties and lease premium for land may be impaired or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less costs to sell and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. cash-generating unit).

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

A reversal of impairment loss is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior years. Reversal of impairment loss is recognised as income in profit or loss immediately.

The accounting policy for recognition and reversal of the impairment loss for goodwill is stated in the accounting policy for goodwill in the earlier part of this note.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

p) BORROWING COSTS

Borrowing costs incurred, net of any investment income on the temporary investment of the specific borrowings, that are directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised as an expense in the period in which they are incurred.

q) PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount of obligation can be made. Expenditures for which a provision has been recognised are charged against the related provision in the year in which the expenditures are incurred. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount provided is the present value of the expenditures expected to be required to settle the obligation. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

r) GOVERNMENT GRANTS

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the years necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual installments.

s) LEASES

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable and receivable under operating leases are charged or credited to profit or loss on a straight-line basis over the term of the relevant lease.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

t) EMPLOYEE BENEFITS

i. Short-term employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

ii. Defined contribution plans

The obligations for contributions to defined contribution retirement scheme in Hong Kong are recognised as an expense in profit or loss as incurred. The assets of the scheme are held separately from those of the Group in an independently administered fund.

Contributions to the retirement benefit schemes in jurisdictions other than Hong Kong, which are calculated on certain percentages of the applicable payroll costs, are charged as expense when employees have rendered services entitling them to the contributions.

u) TAXATION

The charge for current income tax is based on the results for the year as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, any deferred tax arising from initial recognition of goodwill; or other asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss is not recognised.

The deferred tax liabilities and assets are measured at the tax rates that are expected to apply to the period when the asset is recovered or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, tax losses and credits can be utilised.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

u) TAXATION *(Continued)*

Deferred tax is provided on temporary differences arising on investment in subsidiaries, except where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

v) RELATED PARTIES

A related party is a person or entity that is related to the Group.

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of the parent of the Group.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

v) RELATED PARTIES *(Continued)*

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(a) that person's children and spouse or domestic partner;

(b) children of that person's spouse or domestic partner; and

(c) dependants of that person or that person's spouse or domestic partner.

w) SEGMENT REPORTING

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they have similar economic characteristics and share a majority of these criteria.

x) WARRANTS

The issue of warrants will be settled by the exchange of a fixed amount of cash for a fixed number of the Company's own equity instruments. When the warrants are subscribed, the fair value of the consideration received is recognised in a reserve within equity.

The fair value of the warrant is recognised in a reserve within equity until either the warrant is exercised (when it is transferred to the share premium account) or the warrant expires (when it is released directly to retained profits).

3. FUTURE CHANGES IN HKFRS

At the date of authorisation of these consolidated financial statements, the HKICPA has issued the following new/revised HKFRSs that are not yet effective for the current year, which the Group has not early adopted.

Amendments to HKAS 19 (2011)	*Defined Benefit Plans – Employee Contributions* [1]
Various HKFRSs	*Annual Improvements Project – 2010-2012 Cycle* [2]
Various HKFRSs	*Annual Improvements Project – 2011-2013 Cycle* [2]
Amendments to HKAS 1	*Disclosure Initiative* [3]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation* [3]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants* [3]
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements* [3]
Amendments to HKAS 28 (2011) and HKFRS 10	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* [3]
Amendments to HKFRS 10, HKFRS 12 and HKAS28	*Investment Entities: Applying the Consolidation Exception* [3]
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations* [3]
HKFRS 14	*Regulatory Deferral Accounts* [3]
Various HKFRSs	*Annual Improvements Project – 2012-2014 Cycle* [4]
HKFRS 15	*Revenue from Contracts with Customers* [5]
HKFRS 9 (2014)	*Financial Instruments* [6]

[1] Effective for annual periods beginning on or after 1 July 2014
[2] Effective for annual periods beginning on or after 1 July 2014, with limited exceptions
[3] Effective for annual periods beginning on or after 1 January 2016
[4] Effective for annual periods beginning on or after 1 January 2016, with limited exceptions
[5] Effective for annual periods beginning on or after 1 January 2017
[6] Effective for annual periods beginning on or after 1 January 2018

The Group is in the process of assessing the possible impact on the future adoption of these new/revised HKFRSs, but is not yet in a position to reasonably estimate their impact on the Group's consolidated financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and assumptions concerning the future and judgements are made by the management in the preparation of the consolidated financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Where appropriate, revisions to accounting estimates are recognised in the period of revision and future periods, in case the revision also affects future periods.

KEY SOURCES OF ESTIMATION UNCERTAINTY

a) Impairment of receivables

The Group maintains impairment allowance for doubtful accounts based upon evaluation of the recoverability of the trade and other receivables, where applicable, at the end of each reporting period. The estimates are based on the ageing of the trade and other receivables balances and the historical write-off experience, net of recoveries. If the financial conditions of the debtors were to deteriorate, additional impairment allowance may be required.

b) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. If the carrying amount of the cash-generating unit exceeds its recoverable amount, additional impairment allowance may be required.

c) Useful lives of property, plant and equipment

The management determines the estimated useful lives of the Group's property, plant and equipment based on the historical experience of the actual useful lives of the relevant assets of similar nature and functions. The estimated useful lives could be different as a result of usage and maintenance, which could affect the related depreciation charges included in profit or loss.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

d) *Impairment of property, plant and equipment*

Determining an appropriate amount of an impairment requires an estimation of recoverable amounts of relevant property, plant and equipment or the respective cash generating units ("CGU") to which the property, plant and equipment belong, which is the higher of value in use and fair value less cost to sell. If there is any indication that an asset may be impaired, the recoverable amount shall be estimated for individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the Group shall determine the recoverable amount of the CGU to which the asset belongs. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the relevant assets or the CGU and a suitable discount rate in order to calculate the present value. The discount rate represents rate that reflects current market assessments of time value of money and the risks specific to the asset or the CGU for which the future cash flow estimates have not been adjusted. Where the actual future cash flows are less than expected or there is a downward revision of future estimated cash flows due to unfavourable changes in facts and circumstances, an additional impairment loss may arise. At 31 December 2014, the carrying amounts of property, plant and equipment are HK$160,095,000 (2013: HK$174,883,000).

5. TURNOVER

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

6. 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"). Accordingly, there is only one operating segment for the Group and no segment revenue, results, assets and liabilities are presented. The Group's chief operating decision maker, the executive directors, regularly review the consolidated financial information to assess the performance and make resource allocation decisions.

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 is presented.

6. SEGMENT REPORTING *(Continued)*

c) INFORMATION ABOUT MAJOR CUSTOMERS

Revenue from external customers contributing 10% or more of the total revenue from the Group's sole operating segment of sale of packaging materials in the PRC is as follows:

	2014	2013
	HK$'000	*HK$'000*
Customer A	**276,748**	260,703
Customer B	**65,148**	80,195
	341,896	340,898

7. OTHER REVENUE AND OTHER INCOME

	2014	2013
	HK$'000	*HK$'000*
Other revenue		
Interest income	**2,645**	2,741
Rental income	**271**	–
	2,916	2,741
Other income		
Government grants	**476**	2,775
Sale of raw materials and scrap products	**1,020**	349
Sale of steam	**968**	911
Dividend income from held-for-trading listed securities	**105**	147
Fair value change of financial assets at fair value through profit or loss	**177**	888
Compensation income	**427**	1,771
Gain on disposal of property, plant and equipment	**65**	37
Net exchange gain	**–**	2,387
Sundry income	**208**	86
	3,446	9,351
	6,362	12,092

8. LOSS BEFORE TAX

This is stated after charging:

		2014 HK$'000	2013 HK$'000
a)	**Finance costs:**		
	Interest on bank and other borrowings wholly repayable within five years	**12,957**	10,508
b)	**Staff costs (Directors' emoluments included):**		
	Salaries, wages and other benefits	**63,643**	60,666
	Contribution to defined contribution retirement plans	**4,078**	6,994
		67,721	67,660
c)	**Other items:**		
	Amortisation of lease premium for land	**789**	963
	Auditor's remuneration	**590**	570
	Cost of inventories *(Note)*	**483,145**	502,920
	Depreciation of property, plant and equipment	**20,882**	21,389
	Impairment loss on goodwill included in administrative and other operating expenses	**6,198**	14,136
	Impairment loss on trade receivables	**421**	–
	Impairment loss on property, plant and equipment included in administrative and other operating expenses	**–**	11,031
	Loss on disposal of property, plant and equipment, net	**6,070**	399
	Net exchange loss	**1,971**	–
	Operating lease charges on rented premises	**4,122**	5,568

Note: Cost of inventories includes HK$58,702,000 (2013: HK$61,248,000) relating to staff costs, depreciation and amortisation expenses and operating lease charges, which amounts are also included in the respective total amounts disclosed separately above for each of these types of expenses.

9. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to each of the ten (2013: seven) directors were as follows:

		Other emoluments			
Name of director	Fees *HK$'000*	Salaries, allowances and other benefits *HK$'000*	Retirement scheme contributions *HK$'000*	Share-based payments *HK$'000*	Total *HK$'000*
Executive Directors					
Chao Pang Fei ("Mr. Chao")	**–**	**1,200**	**17**	**–**	**1,217**
Wang Yi	**–**	**305**	**10**	**–**	**315**
Hui Hongyan	**–**	**254**	**9**	**–**	**263**
Mr. Lin Caihuo (appointed on 10 July 2014 and resigned on 3 November 2014)	**57**	**–**	**–**	**–**	**57**
Non-executive director					
Lan Yu Ping (resigned on 10 July 2014)	**50**	**–**	**–**	**–**	**50**
Independent Non-executive Directors					
Ho Ka Wing	**96**	**–**	**–**	**–**	**96**
Sin Ka Man	**96**	**–**	**–**	**–**	**96**
Chen Hongfang (resigned on 12 August 2014)	**59**	**–**	**–**	**–**	**59**
Li Zhiyong (appointed on 12 August 2014 and resigned on 5 February 2015)	**37**	**–**	**–**	**–**	**37**
Liu Yang (appointed on 12 August 2014 and resigned on 3 November 2014)	**22**	**–**	**–**	**–**	**22**
Total for 2014	**417**	**1,759**	**36**	**–**	**2,212**
Executive Directors					
Mr. Chao	–	360	15	–	375
Wang Yi	–	340	10	–	350
Hui Hongyan	–	258	9	–	267
Non-executive director					
Lan Yu Ping	96	–	–	–	96
Independent Non-executive Directors					
Ho Ka Wing	96	–	–	–	96
Sin Ka Man	96	–	–	–	96
Chen Hongfang	96	–	–	–	96
Total for 2013	384	958	34	–	1,376

9. DIRECTORS' EMOLUMENTS *(Continued)*

The directors of the Company are regarded as the key management personnel of the Group for disclosure purposes.

No emolument was paid by the Group to any directors as an inducement to join or upon joining the Group, or as compensation for loss of office during the years ended 31 December 2014 and 2013.

Subsequent to the end of the reporting period, the Company has appointed several new directors as follow:

- On 5 February 2015, Hong Jianhua was appointed as an independent non-executive director of the Company; and
- On 19 March 2015, Szeto Wai Ling, Virginia and Lam Wai Hung were appointed as executive directors of the Company.

10. INDIVIDUALS WITH HIGHEST EMOLUMENTS

During the year, three (2013: three) directors are included in the five highest paid individuals of the Group. The emoluments of the remaining two (2013: two) highest paid individuals, who are employees of the Group, are as follows:

	2014	2013
	HK$'000	*HK$'000*
Basic salaries, allowances and other benefits in kind	**1,122**	1,195
Retirement benefits scheme contributions	**17**	15
	1,139	1,210

The emoluments of the five (2013: five) highest paid individuals fell within the following bands:

	Number of individuals	
	2014	2013
HK$Nil – HK$1,000,000	**4**	5
HK$1,000,001 – HK$2,000,000	**1**	–
	5	5

11. TAXATION

Hong Kong Profits Tax has not been provided as the Group had no estimated assessable profits arising from Hong Kong for both current and prior years. The income tax provision in respect of operations in the PRC is calculated at the applicable tax rate of 25% on the estimated assessable profits for 2014 and 2013 based on existing legislation, interpretations and practices in respect thereof.

	2014	2013
	HK$'000	*HK$'000*
Current tax		
PRC enterprise income tax ("PRC EIT")		
– Current year	**3,261**	3,568
– Underprovision in prior year	**515**	359
Deferred tax *(Note 26(a))*	**(70)**	(70)
Tax expense for the year	**3,706**	3,857

RECONCILIATION OF TAX EXPENSE

	2014	2013
	HK$'000	*HK$'000*
Loss before tax	**(7,880)**	(15,926)
Tax at weighted average rate of 18% (2013: 24%) applicable to the jurisdictions concerned	**(1,388)**	(3,868)
Non-deductible expenses	**4,496**	4,663
Non-taxable income	**(77)**	(469)
Unrecognised temporary differences	**(2,295)**	2,475
Unrecognised tax losses	**3,408**	1,103
Utilisation of previously unrecognised tax losses	**(953)**	(275)
Under-provision of PRC EIT in current year	**–**	(96)
Under-provision of PRC EIT in prior year	**515**	359
Others	**–**	(35)
Tax expense for the year	**3,706**	3,857

12. LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The consolidated loss attributable to equity holders of the Company includes a loss of HK$6,377,000 (2013: HK$946,000) which has been dealt with in the financial statements of the Company.

13. DIVIDENDS

The directors do not recommend the payment of any dividend in respect of the years ended 31 December 2014 and 2013.

14. LOSS PER SHARE

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

	2014	2013
	HK$'000	*HK$'000*
Loss attributable to equity holders of the Company	**(11,586)**	(20,059)

	2014	2013
	Number of shares	Number of shares
	'000	*'000*
		(Adjusted)
Issued ordinary shares at 1 January	**1,246,501**	1,214,688
Effect of shares issued	**–**	31,013
Effect of shares consolidation *(Note (a))*	**(997,201)**	(996,561)
Weighted average number of ordinary shares for basic loss per share	**249,300**	249,140
		(Adjusted)
Loss per share:		
– Basic	**(HK$4.65 cents)**	(HK$8.05 cents)
– Diluted	**(HK$4.65 cents)**	(HK$8.05 cents)

14. LOSS PER SHARE *(Continued)*

a) The number of shares adopted in the calculation of the basic and diluted loss per share for the years ended 31 December 2014 and 2013 has been adjusted to reflect the impact of the share consolidation effected during the year ended 31 December 2014.

b) Diluted loss per share is the same as the basic loss per share for the years ended 31 December 2014 and 2013 because the effect of potential ordinary shares is anti-dilutive.

15. INVESTMENT PROPERTIES

	Group
	2014
	HK$'000
Carrying amount	
At beginning of reporting period	–
Reclassification from property, plant and equipment	**9,809**
At end of reporting period	**9,809**
Cost	**11,745**
Accumulated depreciation	**(1,936)**
	9,809

The Group's investment properties are located outside Hong Kong and held under medium-term leases. Fair value of these properties has been disclosed in note 36 (ii) to the consolidated financial statements.

16. PROPERTY, PLANT AND EQUIPMENT

GROUP

	Buildings HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture and equipment HK$'000	Motor vehicles HK$'000	Moulds HK$'000	Construction-in-progress HK$'000	Total HK$'000
Cost								
At 1 January 2014	48,676	256	94,293	12,179	8,773	73,350	65,897	303,424
Exchange realignment	(1,358)	(2)	(3,003)	(372)	(273)	(1,839)	(1,312)	(8,159)
Additions	718	–	13,903	875	1,180	9,013	4,426	30,115
Transfer from construction-in-progress	15,314	–	37,046	762	211	685	(54,018)	–
Reclassified to investment properties	(11,745)	–	–	–	–	–	–	(11,745)
Disposals	(1,015)	–	(38,082)	(750)	(256)	(24,387)	(2,919)	(67,409)
At 31 December 2014	**50,590**	**254**	**104,157**	**12,694**	**9,635**	**56,822**	**12,074**	**246,226**
Accumulated depreciation and impairment								
At 1 January 2014	10,901	256	58,165	7,358	5,739	46,122	–	128,541
Exchange realignment	(354)	(2)	(1,826)	(250)	(197)	(1,183)	–	(3,812)
Charge for the year	2,799	–	7,582	1,035	1,055	8,411	–	20,882
Reclassified to investment properties	(1,936)	–	–	–	–	–	–	(1,936)
Written back on disposals	(481)	–	(26,975)	(639)	(217)	(19,194)	–	(47,506)
Realisation of impairment	–	–	(9,162)	(107)	–	(769)	–	(10,038)
At 31 December 2014	**10,929**	**254**	**27,784**	**7,397**	**6,380**	**33,387**	**–**	**86,131**
Net book value								
At 31 December 2014	**39,661**	**–**	**76,373**	**5,297**	**3,255**	**23,435**	**12,074**	**160,095**
Cost								
At 1 January 2013	46,875	736	86,318	12,132	8,582	65,766	27,550	247,959
Exchange realignment	1,485	10	4,698	435	315	2,177	1,322	10,442
Additions	316	–	5,331	155	40	8,450	38,990	53,282
Transfer	–	–	633	–	–	–	(633)	–
Disposals	–	(490)	(2,687)	(543)	(164)	(3,043)	(1,332)	(8,259)
At 31 December 2013	**48,676**	**256**	**94,293**	**12,179**	**8,773**	**73,350**	**65,897**	**303,424**
Accumulated depreciation and impairment								
At 1 January 2013	8,182	373	40,112	6,221	4,533	36,204	–	95,625
Exchange realignment	365	4	2,148	277	211	1,344	–	4,349
Charge for the year	2,354	–	6,436	1,199	1,144	10,256	–	21,389
Written back on disposals	–	(121)	(658)	(474)	(149)	(2,451)	–	(3,853)
Impairment	–	–	10,127	135	–	769	–	11,031
At 31 December 2013	**10,901**	**256**	**58,165**	**7,358**	**5,739**	**46,122**	**–**	**128,541**
Net book value								
At 31 December 2013	**37,775**	**–**	**36,128**	**4,821**	**3,034**	**27,228**	**65,897**	**174,883**

The Group's buildings are located outside Hong Kong and held under medium-term leases.

17. LEASE PREMIUM FOR LAND

	Group	
	2014	2013
	HK$'000	*HK$'000*
Carrying amount		
At beginning of reporting period	**33,256**	26,142
Additions	**–**	7,213
Exchange realignment	**(820)**	864
Amortisation	**(789)**	(963)
At end of reporting period	**31,647**	33,256
Outside Hong Kong, held under:		
Medium-term lease	**31,647**	33,256
Analysed for reporting purposes as:		
Current asset	**727**	745
Non-current asset	**30,920**	32,511
	31,647	33,256

18. GOODWILL

	Group	
	2014	2013
	HK$'000	*HK$'000*
Reconciliation of carrying amount:		
At beginning of reporting period	**6,317**	20,057
Exchange realignment	**(119)**	396
Impairment loss	**(6,198)**	(14,136)
At end of reporting period	**–**	6,317
Cost	**73,302**	73,421
Accumulated impairment losses	**(73,302)**	(67,104)
	–	6,317

The carrying amounts of goodwill net of any impairment loss as at 31 December 2014 are attributable to the Group's cash-generating unit ("CGU") of manufacturing and sale of paper honeycomb and expandable polystyrene ("EPS") packaging materials.

The recoverable amount of goodwill has been determined on the basis of a value in use calculation. The calculation uses cash flow projections based on financial budgets approved by management covering a period of 5 years (2013: 5 years). The cash flows beyond the period of 5 years (2013: 5 years) are extrapolated using 3% growth rate (2013: 3% growth rate). This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry.

Key assumptions used for the value-in-use calculations are as follows:

	2014	2013
Average annual sales growth rate in 5 years	**8%**	18%
Average annual gross profit margin in 5 years	**13%**	11%
Long-term growth rate	**3%**	3%
Discount rate	**13%**	13%

18. GOODWILL *(Continued)*

Management determined the average sales growth rate and average gross profit margin in 5 years based on past performance and its expectation of market development. The discount rates used are pre-tax and reflect the specific risks relating to the relevant CGU.

Apart from the considerations described above in determining the value-in-use of the CGUs, the Company's management is not aware of any other probable changes that would necessitate changes in the key assumptions.

The recoverable amount of the CGU amounting to approximately HK$247,000,000 is less than its carrying amount. Accordingly, the goodwill was impaired by HK$6,198,000 (2013: HK$14,136,000) during the year. The impairment loss recognised has been included in the "administrative and other operating expenses" in the consolidated statement of comprehensive income.

The directors consider the major factors contributing to the impairment of goodwill are the continuous rise of operating costs and the declined growth rate of the sale of packaging materials.

19. INTERESTS IN SUBSIDIARIES

	Company	
	2014	2013
	HK$'000	*HK$'000*
Unlisted shares, at cost	**243,167**	11
Due from subsidiaries	**6,289**	248,490
	249,456	248,501
Less: Impairment loss	**(1,237)**	(1,237)
	248,219	247,264

The amounts due from subsidiaries included in the Company's non-current assets are unsecured, interest-free and not expected to be realised in the next twelve months from the end of the reporting period. None of the subsidiaries had issued any debt securities at the end of the reporting period.

19. INTERESTS IN SUBSIDIARIES *(Continued)*

Details of the Company's subsidiaries as at 31 December 2014 are as follows:

Name of subsidiary	Place of incorporation/ establishment	Place of operation	Issued and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
Loyal Pacific International Limited	Hong Kong	Hong Kong	10,000 ordinary shares	100%	100%	–	Inactive
Great Prospect Enterprises Limited	BVI	Hong Kong	200 ordinary shares of US$1	100%	100%	–	Investment holding
Topgoal Investment Development Limited	Hong Kong	Hong Kong	1 ordinary share	100%	–	100%	Investment holding
合肥啟鵬紙制品有限公司	PRC	PRC	RMB14,000,000	100%	–	100%	Manufacturing of packaging materials
Wisdom Sun International Limited	BVI	Hong Kong	100 ordinary shares of US$1	100%	–	100%	Investment holding
Wise Star Group Holdings Limited	Hong Kong	Hong Kong	1 ordinary share	100%	–	100%	Investment holding
Honor Glory International Investment Limited	Hong Kong	Hong Kong	1 ordinary share	100%	–	100%	Investment holding
青島海景包裝制品有限公司	PRC	PRC	RMB20,000,000	100%	–	100%	Manufacturing of EPS packaging products
青島新海景包裝制品有限公司	PRC	PRC	RMB10,000,000	100%	–	100%	Manufacturing of EPS packaging products
合肥海景包裝制品有限公司	PRC	PRC	RMB55,000,000	100%	–	100%	Manufacturing of EPS packaging products

19. INTERESTS IN SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation/ establishment	Place of operation	Issued and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
青島海景模具制品有限公司	PRC	PRC	RMB1,000,000	100%	–	100%	Manufacturing of moulds products
青島海鴻環保包裝科技有限公司	PRC	PRC	RMB3,000,000	100%	–	100%	Inactive
大連海景包裝製品有限公司	PRC	PRC	RMB1,000,000	100%	–	100%	Manufacturing of EPS packaging products
Dragon Vault International Limited	BVI	Hong Kong	100 ordinary shares of US$1	100%	–	100%	Investment holding
Yearfull International Investment Limited	Hong Kong	Hong Kong	1 ordinary share	100%	–	100%	Investment holding
合肥榮豐包裝制品有限公司 ("合肥榮豐")	PRC	PRC	RMB30,000,000	100% (2013: 65%)	–	100% (2013: 65%)	Manufacturing of EPS packaging products
濟南海景包裝有限公司	PRC	PRC	RMB500,000	100%	–	100%	Inactive

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group 2014 HK$'000	2013 HK$'000
Held-for-trading equity securities (at fair value)		
Listed outside Hong Kong	**1,861**	1,727

21. INVENTORIES

	Group	
	2014	2013
	HK$'000	*HK$'000*
Raw materials and consumables	**12,812**	13,622
Work-in-progress	**185**	1,100
Finished goods	**12,608**	12,587
	25,605	27,309

22. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Trade receivables	**172,266**	184,460	**–**	–
Less: Allowance for trade receivables *(Note 22(b))*	**(523)**	(92)	**–**	–
	171,743	184,368	**–**	–
Notes receivable *(Note 22(d))*	**111,406**	95,793	**–**	–
Other receivables	**4,496**	6,929	**2,030**	2,131
Prepayments and deposits	**2,898**	2,786	**–**	–
	290,543	289,876	**2,030**	2,131

22. TRADE AND OTHER RECEIVABLES *(Continued)*

a) The normal credit period granted to the customers of the Group is 90 to 120 days (2013: 90 to 120 days). The ageing analysis of the trade receivables at the end of the reporting period is as follows:

	Group	
	2014	2013
	HK$'000	*HK$'000*
Within 3 months	**162,149**	176,479
Over 3 months but within 6 months	**8,429**	7,497
Over 6 months but within 1 year	**664**	43
Over 1 year	**1,024**	441
	172,266	184,460
Less: Allowance for trade receivables	**(523)**	(92)
	171,743	184,368

b) Allowance for trade receivables is 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.

The movements in allowance for trade receivables during the year are as follows:

	Group	
	2014	2013
	HK$'000	*HK$'000*
At beginning of reporting period	**92**	89
Increase in allowance	**421**	–
Exchange realignment	**10**	3
At end of reporting period	**523**	92

22. TRADE AND OTHER RECEIVABLES *(Continued)*

c) The ageing analysis of trade receivables by past due date that are neither individually nor collectively considered to be impaired is as follows:

	Group	
	2014	2013
	HK$'000	*HK$'000*
Neither past due nor impaired	**162,149**	176,479
Less than 3 months past due	**8,429**	7,497
3 months to 1 year past due	**664**	43
Over 1 year past due	**501**	349
Past due but not impaired	**9,594**	7,889
	171,743	184,368

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

d) All notes receivable were not past due and there was no history of default. The normal terms agreed with the banks are 90 to 120 days (2013: 90 to 120 days).

23. PLEDGED BANK DEPOSITS

At the end of the reporting period, the Group and the Company had pledged bank deposits, which carried interest at prevailing market rate, amounting to HK$96,559,000 and HK$83,485,000 (2013: HK$82,988,000 and HK$82,988,000) to banks for securing notes payable of the Group and a revolving loan facility granted to the Company.

24. TRADE AND OTHER PAYABLES

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Trade payables *(Note a)*	**69,858**	70,496	**–**	–
Notes payable	**16,790**	47,126	**–**	–
Other payables	**14,970**	13,360	**415**	453
	101,618	130,982	**415**	453

a) The ageing analysis of trade payables at the end of the reporting period is as follows:

	Group	
	2014	2013
	HK$'000	*HK$'000*
Within 3 months	**55,673**	61,445
Over 3 months but within 6 months	**8,251**	6,138
Over 6 months but within 1 year	**3,472**	1,198
Over 1 year	**2,462**	1,715
	69,858	70,496

25. BANK AND OTHER BORROWINGS

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Current				
Bank borrowings – secured	**198,484**	169,874	**75,000**	67,000
Other borrowings – secured	**44,094**	33,469	**–**	–
	242,578	203,343	**75,000**	67,000

At 31 December 2014 and 2013, all of the bank and other borrowings of the Group and the Company were repayable within one year.

The Group's secured other borrowings are interest-bearing at fixed or variable interest rates. The ranges of effective interest rates on the Group's and the Company's borrowings are as follows:

	Group		Company	
	2014	2013	**2014**	2013
Effective interest rates per annum				
Bank borrowings – secured	**1.98% to 7.80%**	1.96% to 7.80%	**1.98%**	1.96%
Other borrowings – secured	**6.16%**	6.16%	**N/A**	N/A

25. BANK AND OTHER BORROWINGS *(Continued)*

Bank and other borrowings are denominated in the following currencies:

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
RMB	**167,578**	136,343	**–**	–
Hong Kong dollars	**75,000**	67,000	**75,000**	67,000
	242,578	203,343	**75,000**	67,000

The bank and other borrowings were secured by:

(a) the Group's buildings with a carrying value of approximately HK$24,621,000 (2013: HK$37,775,000);

(b) certain of the Group's lease premium for land with a carrying value of approximately HK$31,647,000 (2013: HK$26,286,000);

(c) certain of the Group's trade and other receivables with a carrying value of approximately HK$27,002,000 (2013: HK$57,442,000);

(d) personal guarantee of Mr. Chao;

(e) the Group's investment properties with carrying value of approximately HK$9,809,000 (2013:Nil); and

(f) the Group's and the Company's pledged bank deposits of HK$96,559,000 (2013: HK$82,988,000) and HK$83,485,000 (2013: HK$82,988,000).

26. DEFERRED TAX

a) Deferred tax liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Fair value adjustment on lease premium for land
	HK$'000
At 1 January 2013	2,733
Credit to profit or loss	(70)
Exchange realignment	79
At 31 December 2013 and 1 January 2014	2,742
Credit to profit or loss	(70)
Exchange realignment	(66)
At 31 December 2014	**2,606**

In March 2007, the National People's Congress enacted a new Enterprise Income Tax Law, which became effective on 1 January 2008 (the "New PRC EIT Law"). Pursuant to the New PRC EIT Law, a 10% withholding tax is levied on dividends declared to foreign investors by the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between China and jurisdiction of the foreign investors. For the Group, the applicable rate is 5%. The Group is therefore liable to withholding taxes on dividends distributed by its subsidiaries established in Mainland China in respect of earnings generated since 1 January 2008. Deferred tax liabilities are provided to the extent that such earnings are expected to be distributed in the foreseeable future. At the end of the reporting period, the estimated withholding tax effects on the distribution of retained earnings of the subsidiaries established in Mainland China were approximately HK$2,976,000 (2013: HK$2,808,000). The directors of the Company are of the opinion that no dividends would be distributed by its subsidiaries established in Mainland China in the foreseeable future and therefore no deferred tax liabilities are provided.

26. DEFERRED TAX *(Continued)*

b) Unrecognised deferred tax assets arising from

	2014	2013
	HK$'000	*HK$'000*
Deductible temporary differences	**–**	10,538
Tax losses	**26,488**	12,926
	26,488	23,464

As at 31 December 2014, the Group had unrecognised deferred tax assets of approximately HK$5,481,000 (2013: approximately HK$5,376,000) in respect of the tax losses (2013: tax losses and other temporary differences). As it is not probable that taxable profits will be available against which the deductible temporary differences and the unused tax losses of the Group can be utilised, deferred tax assets have not been recognised. The expiry dates of unrecognised tax losses are as follows:

	2014	2013
	HK$'000	*HK$'000*
Tax losses without expiry date	**13,424**	5,757
Tax losses expiring on 31 December 2019	**9,165**	–
Tax losses expiring on 31 December 2018	**1,531**	3,305
Tax losses expiring on 31 December 2017	**2,052**	3,268
Tax losses expiring on 31 December 2016	**316**	596
	26,488	12,926

27. SHARE CAPITAL

	Group and Company			
	2014		2013	
	No. of shares	*HK$'000*	*No. of shares*	*HK$'000*
Authorised:				
Ordinary shares of HK$0.125 each (2013: HK$0.025 each)	**800,000,000**	**100,000**	4,000,000,000	100,000
Issued and fully paid:				
At beginning of reporting period	**1,246,500,620**	**31,163**	1,214,688,620	30,367
Shares consolidation *(Note (a))*	**(997,200,496)**	**–**	–	–
Exercise of share options	**–**	**–**	31,812,000	796
At end of reporting period	**249,300,124**	**31,163**	1,246,500,620	31,163

(a) Pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 19 May 2014, every five issued and unissued ordinary shares of HK$0.025 each in the capital of the Company were consolidated into one share of HK$0.125 (the "Consolidated Share"). The Consolidated Shares rank pari passu in all respects with each other and have the rights and privileges and be subject to the restrictions in respect of ordinary shares contained in the Articles of Association of the Company.

(b) On 24 April 2013, the Company entered into a placing agreement with the placing agent to place 210,000,000 warrants at a placing price of HK$0.002 per warrant. The warrants entitled the holders of warrants to subscribe for the shares of the Company at a subscription price of HK$0.26 per warrant share for a period of 12 months from the date of issue of the warrants. On 16 May 2013, the Company completed the placing of the warrants to not less than six independent placees. No warrants were exercised since the completion date and up to the expiry date of 15 May 2014.

28. RESERVES

GROUP

	Share premium HK$000 (Note (a))	Capital reserve HK$'000 (Note (b))	Share options reserve HK$'000 (Note (c))	Warrants reserve HK$'000 (Note (d))	Statutory surplus reserve HK$'000 (Note (e))	Translation reserve HK$'000 (Note (f))	Accumulated losses HK$'000	Total HK$'000
At 1 January 2013	232,226	117	1,179	–	17,123	38,606	(12,389)	276,862
Transfer	–	–	–	–	2,428	–	(2,428)	–
Total comprehensive income (loss) for the year	–	–	–	–	–	8,433	(20,059)	(11,626)
Transactions with equity holders of the Company								
Exercise of share options	3,724	–	(1,179)	–	–	–	–	2,545
Placing of unlisted warrants, net of expenses	–	–	–	220	–	–	–	220
At 31 December 2013 and 1 January 2014	**235,950**	**117**	**–**	**220**	**19,551**	**47,039**	**(34,876)**	**268,001**
Transfer	**–**	**–**	**–**	**–**	**2,680**	**–**	**(2,680)**	**–**
Total comprehensive loss for the year	**–**	**–**	**–**	**–**	**–**	**(6,904)**	**(11,586)**	**(18,490)**
Transactions with equity holders of the Company	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Expiry of unlisted warrants	**–**	**–**	**–**	**(220)**	**–**	**–**	**220**	**–**
Acquisition of non-controlling interests in a subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**2,092**	**2,092**
At 31 December 2014	**235,950**	**117**	**–**	**–**	**22,231**	**40,135**	**(46,830)**	**251,603**

28. RESERVES *(Continued)*

COMPANY

	Share premium HK$'000 (Note (a))	Share options reserve HK$'000 (Note (c))	Warrants reserve HK$'000 (Note (d))	Contributed surplus HK$'000 (Note (g))	Accumulated losses HK$'000	Total HK$'000
At 1 January 2013	232,226	1,179	–	117	(1,448)	232,074
Loss for the year	–	–	–	–	(946)	(946)
Transactions with equity holders of the Company						
Exercise of share options	3,724	(1,179)	–	–	–	2,545
Placing of unlisted warrants, net of expenses	–	–	220	–	–	220
At 31 December 2013 and 1 January 2014	**235,950**	**–**	**220**	**117**	**(2,394)**	**233,893**
Loss for the year	**–**	**–**	**–**	**–**	**(6,377)**	**(6,377)**
Transactions with equity holders of the Company						
Expiry of unlisted warrants	**–**	**–**	**(220)**	**–**	**220**	**–**
At 31 December 2014	**235,950**	**–**	**–**	**117**	**(8,551)**	**227,516**

28. RESERVES *(Continued)*

(a) SHARE PREMIUM

Under the Companies Law of the Cayman Islands, the share premium is available for distribution to shareholders subject to a solvency test on the Company and the provisions of the Articles of Association of the Company.

(b) CAPITAL RESERVE

Capital reserve represents the difference between the nominal value of the ordinary shares issued by the Company and the aggregate of the share capital and share premium of subsidiaries acquired through exchanges of shares pursuant to the Company's reorganisation in 2003.

(c) SHARE OPTIONS RESERVE

Share options reserve comprises the portion of the grant date fair value of unexercised share options granted to employees of the Group and directors of the Company.

(d) WARRANTS RESERVE

Warrants reserve represents the proceeds received from the placing of unlisted warrants of the Company. The reserve was transferred to accumulated losses upon the expiry of the warrants during the year.

(e) STATUTORY SURPLUS RESERVE

According to the articles of association of the PRC subsidiaries, they are required to transfer at least 10% of their net profit after tax, as determined in accordance with the PRC accounting rules and regulations, to the statutory surplus reserve. When the balance of the statutory surplus reserve reaches 50% of their registered capital, any further appropriation is optional. The transfer to this reserve must be made before distribution of a dividend to the shareholders.

Statutory surplus reserve can be used to make up previous years losses, if any, and may be converted into capital in proportion to their existing shareholdings, provided that the balance after such conversion is not less than 25% of the registered capital.

(f) TRANSLATION RESERVE

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

28. RESERVES *(Continued)*

(g) CONTRIBUTED SURPLUS

Contributed surplus represents the difference between the nominal value of the ordinary shares issued by the Company and the net asset value of subsidiaries acquired through an exchange of shares pursuant to the Company's reorganisation in 2003. Under the Companies Law of the Cayman Islands, the share premium is distributable to the shareholders of the Company provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company will be able to pay its debts as they fall due in the ordinary course of business.

(h) DISTRIBUTABLE RESERVES

The Company's reserves as at 31 December 2014 available for distribution to the equity holders are HK$227,516,000 (2013: HK$233,673,000).

29. NON-CONTROLLING INTERESTS

	2014 *HK$'000*	2013 *HK$'000*
Consideration paid	(13,402)	–
Acquisition of additional interests in a subsidiary	15,494	–
Difference recognised in equity	2,092	–

On 5 March 2014, the Group completed the acquisition of the remaining 35% equity interest in合肥榮豐 (the "Acquisition") from Hefei Xing Tai Asset Management Co., Ltd., a company controlled by Stated-owned Asset Supervision and Administration Commission of Hefei Municipal Government. Upon completion of the Acquisition, 合肥榮豐 has become an indirect wholly-owned subsidiary of the Company. Accordingly, the Group derecognised non-controlling interests of approximately HK$15,494,000 and recognised directly in equity attributable to equity holders of the Company of approximately HK$2,092,000 for the difference between the amount by which the non-controlling interests are adjusted and fair value of the consideration paid.

30. RETIREMENT BENEFITS SCHEME

The Group operates a Mandatory Provident Fund Scheme (the "MPF") for all qualifying employees in Hong Kong. The assets of the MPF are held separately from those of the Group in funds under the control of trustees. The Group contributes 5% of relevant payroll costs to the MPF, subject to a cap of monthly relevant income of HK$25,000 prior to June 2014 and HK$30,000 from June 2014 onward. Contributions to the plan vest immediately.

The employees of the Group's subsidiaries in the PRC are members of the state-managed retirement benefits scheme operated by the government of the PRC. The subsidiaries of the Group are required to contribute certain percentage of their payroll costs to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions.

31. TRANSFER OF FINANCIAL ASSETS

At the end of the reporting period, the transferred financial assets of the Group measured at amortised cost that were not qualified for derecognition in their entirety were as follows:

	2014 ***HK$'000***	2013 *HK$'000*
Carrying amount of transferred assets		
– Notes receivable discounted to banks with recourse	**66,524**	15,031
Carrying amount of associated liabilities	**66,524**	15,031

The Group transferred the contractual rights to receive cash flows from notes receivable to certain banks by discounting them for cash on a full recourse basis. Therefore, the directors of the Company consider the Group retained substantially all of the risk and rewards of ownership of the notes receivable and continued to recognise the notes receivable in the consolidated statement of financial position. Associated liabilities have been recognised and included in bank and other borrowings.

32. RELATED PARTY TRANSACTION

In addition to the transactions/information disclosed elsewhere in these consolidated financial statements, during the year, the Group had the following transaction with related parties:

CONTINUING CONNECTED TRANSACTIONS

The related party transaction listed below constitutes continuing connected transactions as defined in Chapter 14A of the Listing Rules. Particulars of the continuing connected transactions are detailed in the Report of the Directors.

	2014	2013
	HK$'000	*HK$'000*
Sale of goods	**2,412**	1,060

The related party is wholly-owned by the ultimate controlling shareholder of the Company.

33. OPERATING LEASE COMMITMENTS

THE GROUP AS LESSEE

The Group leases certain of its office premises under operating lease arrangements. The leases run for an initial period of one to three years (2013: one to three years), with an option to renew the lease when all terms are renegotiated. The terms of the leases require the Group to pay security deposits.

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases which fall due as follows:

	Group	
	2014	2013
	HK$'000	*HK$'000*
Within one year	**3,013**	2,824
In the second to fifth years inclusive	**1,102**	3,207
	4,115	6,031

33. OPERATING LEASE COMMITMENTS *(Continued)*

THE GROUP AS LESSOR

The Group leases its investment properties under an operating lease with a lease term of 2 years. The future aggregate minimum rental receivables under non-cancellable operating lease are as follows:

	Group	
	2014	2013
	HK$'000	*HK$'000*
Within one year	**1,077**	–
In the second to fifth years inclusive	**763**	–
	1,840	–

34. CAPITAL COMMITMENTS

The Group's authorised capital commitments outstanding at the end of the reporting period and not provided for in the consolidated financial statements are as follows:

	Group	
	2014	2013
	HK$'000	*HK$'000*
Contracted but not provided for		
Construction of production facilities	**13,488**	8,053
Purchase of property, plant and equipment	**409**	3,714
	13,897	11,767

35. ULTIMATE HOLDING COMPANY AND CONTROLLING PARTY

As at 31 December 2014, the directors regard Haijing Holdings Limited, a company incorporated in the British Virgin Islands, as the ultimate holding company.

The directors regard Mr. Chao through his direct shareholding in Haijing Holdings Limited as being the ultimate controlling party.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include pledged deposits, bank balances, borrowings, financial assets at fair value through profit or loss, trade and other receivables and trade and other payables. Details of the financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include credit risk, liquidity risk, interest rate risk, currency risk and equity price risk. The policies on how management mitigates these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

a) CREDIT RISK

i) As at 31 December 2014, the maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position after deducting any impairment allowance.

ii) In respect of trade and other receivables, in order to minimise risk, the management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. Credit evaluations of its debtors' financial position and condition are performed on each and every major debtor periodically. These evaluations focus on the debtor's past history of making payments when due and current ability to pay, and take into account information specific to the debtor as well as pertaining to the economic environment in which the debtor operates. The Group does not require collateral in respect of its financial assets. Debts are usually due between 90 and 120 days from the date of billing.

The Group's exposure to credit risk of trade and other receivables is influenced mainly by the individual characteristics of each debtor. At the end of the reporting period, the Group had certain concentration of credit risk as 26% (2013: 30%) and 44% (2013: 51%) of the total trade and other receivables was due from the Group's largest debtor and the five largest debtors respectively.

iii) The credit risk on liquid funds and notes receivable is limited because the counterparties are mainly banks with high credit ratings assigned by international credit-rating agencies.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 22 to the consolidated financial statements.

iv) At the end of the reporting period, the Company had a concentration of credit risk of the amounts due from subsidiaries of which 99.8% (2013: 92.6%) was due from a subsidiary.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

b) LIQUIDITY RISK

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to Company's board approval. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants to ensure that it maintains sufficient amount of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. The Group relies on bank and other borrowings as a significant source of funding. At 31 December 2014, the Group has HK$23,970,000 available un-utilised banking facilities (2013: HK$62,033,000).

The following liquidity tables set out the remaining contractual maturities at the end of the reporting period of the Group's and the Company's financial liabilities based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates at the end of the reporting period) and the earliest date the Group and the Company are required to pay:

Group

	2014			2013		
	Within 1 year or on demand	**Total contractual undiscounted cash flows**	**Carrying amount**	Within 1 year or on demand	Total contractual undiscounted cash flows	Carrying amount
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
Bank and other borrowings	**245,532**	**245,532**	**242,578**	206,904	206,904	203,343
Trade and other payables	**101,618**	**101,618**	**101,618**	130,982	130,982	130,982
	347,150	**347,150**	**344,196**	337,886	337,886	334,325

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

b) LIQUIDITY RISK *(Continued)*

Company

	2014			2013		
	Within 1 year or on demand	Total contractual undiscounted cash flows	Carrying amount	Within 1 year or on demand	Total contractual undiscounted cash flows	Carrying amount
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Bank borrowings	75,065	75,065	75,000	67,058	67,058	67,000
Other payables	415	415	415	453	453	453
	75,480	75,480	75,415	67,511	67,511	67,453

c) INTEREST RATE RISK

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank and other borrowings. Details of interest rates of the Group's and the Company's bank and other borrowings at the end of the reporting period are set out in note 25 to the consolidated financial statements. The Group closely monitors interest rate level and outlook as well as potential impact on the Group's result and financial position arising from volatility of interest rates.

The bank and other borrowings of the Group of HK$128,249,000 (2013: HK$82,031,000) which are fixed rate instruments are insensitive to any change in interest rates. A change in market interest rates at the end of the reporting period would not affect profit or loss.

At 31 December 2014, it is estimated that a general increase/decrease of 100 basis points in interest rates for variable rate borrowings, with all other variables held constant, would increase/decrease the Group's loss after tax and accumulated losses by approximately HK$1,143,000 (2013: HK$1,213,000).

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

c) INTEREST RATE RISK *(Continued)*

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for variable rate interest-bearing non-derivative financial instruments in existence at that date. In respect of the exposure to cash flow interest rate risk, the analysis is prepared assuming the interest-bearing financial instruments outstanding at the end of the reporting period were outstanding for the whole year for which the impact of interest rate changes are annualised. The 100 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual date of the reporting period. The analysis is performed on the same basis for 2013.

d) CURRENCY RISK

The Group has transactional currency exposure. Such exposure arises from trading transactions denominated in a currency other than the functional currency of an operating unit to which they relate. The Group has no significant foreign currency risk in its PRC operations as the carrying amounts of financial assets and liabilities are denominated in RMB.

e) EQUITY PRICE RISK

The Group's investments in held-for-trading equity securities are measured at fair value at the end of each reporting period with reference to the market price. Therefore, the Group is exposed to equity price risk and management monitors the price movements and takes appropriate actions when required.

The board considers that the equity price risk encountered by the Group is currently insignificant.

37. FAIR VALUE MEASUREMENTS

The following presents the assets and liabilities measured at fair value or required to disclose their fair value in these consolidated financial statements on a recurring basis at 31 December 2014 across the three levels of the fair value hierarchy defined in HKFRS 13, Fair Value Measurement, with the fair value measurement categorised in its entirety based on the lowest level input that is significant to the entire measurement. The levels of inputs are defined as follows:

- Level 1 (highest level): quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;

- Level 3 (lowest level): unobservable inputs for the asset or liability.

(i) ASSETS MEASURED AT FAIR VALUE

	Group							
	2014				2013			
	Level 1	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets at fair value through profit or loss	**1,861**	**–**	**–**	**1,861**	1,727	–	–	1,727

During the years ended 31 December 2014 and 2013, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

37. FAIR VALUE MEASUREMENTS *(Continued)*

(ii) ASSETS WITH FAIR VALUE DISCLOSURE, BUT NOT MEASURED AT FAIR VALUE

As set out in note 15, investment properties are carried at cost less accumulated depreciation and accumulated impairment loss. The fair value information of the investment properties is shown in the table below.

	Group							
	2014				2013			
	Level 1	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Investment properties	**–**	**7,826**	**–**	**7,826**	–	–	–	–

The fair value of the investment properties at the end of the reporting period were determined on an open market basis by Asset Appraisal Limited, which are independent qualified professional valuers not connected with the Group and with appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations. The valuation was arrived at by reference to the price information of comparable properties.

The carrying amounts of the Group's and the Company's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2014 and 2013.

38. CAPITAL MANAGEMENT

The objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to provide returns for shareholders. The Group manages its capital structure and makes adjustments, including payment of dividend to shareholders, return of capital to shareholders or issue of new shares or sale of assets to reduce debts. No changes were made in the objectives, policies or processes during the years ended 31 December 2014 and 2013.

39. EVENTS AFTER THE REPORTING PERIOD

LAPSE OF PLACING AGREEMENT

On 24 July 2014, the Company entered into a placing agreement with the placing agent in relation to the proposed issue of the 7% per annum secured notes ("Notes") in an aggregate principal amount of up to HK$300,000,000 maturing on the third anniversary of the date of the first issue of the 100% of the principal amount of the Notes. As informed by the placing agent, the placing had not been successful by 24 January 2015, being the last day of the placing period. As such, the placing agreement lapsed on 25 January 2015.

Five Year Financial Summary

Year ended 31 December 2014

FINANCIAL SUMMARY

	Year ended 31 December				
	2014	2013	2012	2011	2010
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
RESULTS					
Turnover	**563,565**	575,579	517,842	520,067	514,262
(Loss) Profit before tax	**(7,880)**	(15,926)	(21,981)	(14,277)	43,484
Income tax expense	**(3,706)**	(3,857)	(3,182)	(4,826)	(10,594)
(Loss) Profit for the year	**(11,586)**	(19,783)	(25,163)	(19,103)	32,890
Attributable to:					
Equity holders of the Company	**(11,586)**	(20,059)	(25,131)	(19,636)	30,828
Non-controlling interests	**–**	276	(32)	533	2,062
	(11,586)	(19,783)	(25,163)	(19,103)	32,890

	At 31 December				
	2014	2013	2012	2011	2010
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS AND LIABILITIES					
Total assets	**630,601**	652,691	619,106	653,621	557,885
Total liabilities	**(347,835)**	(338,033)	(297,102)	(309,639)	(207,231)
	282,766	314,658	322,004	343,982	350,654
Attributable to:					
Equity holders of the Company	**282,766**	299,164	307,229	329,109	334,285
Non-controlling interests	**–**	15,494	14,775	14,873	16,369
	282,766	314,658	322,004	343,982	350,654

Major Properties Held by the Group

Year ended 31 December 2014

	Location	Existing use	Term of lease	Percentage of interest
1.	Factory Complex at the junction of Furong Road and Yuping Road, Hefei Economic and Technological Development Zone, Hefei City, Anhui Province, the PRC	Industrial	Medium	100%
2.	Factory Complex at Ziyun Road, Taohua Industrial Base Hefei Economic and Technological Development Zone, Hefei City, Anhui Province, the PRC	Industrial	Medium	100%
3.	Factory Complex at Wolong Road, Taohua Industrial Base Hefei Economic and Technological Development Zone, Hefei City, Anhui Province, the PRC	Industrial	Medium	100%
4.	Factory Complex at the South of Horizontal Road 47 and the West of Vertical Road 1, Lu Village, Madian Town, Jiaozhou City, Qingdao City, Shangdong Province, the PRC	Industrial	Medium	100%