

**2015**  
INTERIM 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.*

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# Contents

	<i>Page</i>
Corporate Information	3
Highlights	5
Condensed Consolidated Statement of Comprehensive Income	6
Condensed Consolidated Statement of Financial Position	7
Condensed Consolidated Statement of Changes in Equity	8
Condensed Consolidated Statement of Cash Flows	9
Notes to the Condensed Consolidated Interim Financial Information	10
Management Discussion and Analysis	21
Other Information	25

# Corporate Information

## EXECUTIVE DIRECTORS

Mr. Lam Wai Hung  
(appointed on 19 March 2015)  
Ms. Szeto Wai Ling Virginia  
(appointed on 19 March 2015)  
Mr. Lam Chi Keung  
(appointed on 18 August 2015)  
Mr. Chao Pang Fei  
(resigned on 30 April 2015)  
Mr. Wang Yi  
(resigned on 24 April 2015)  
Ms. Hui Hongyan  
(resigned on 8 June 2015)

## NON-EXECUTIVE DIRECTOR

Mr. Fung Wah Bong Peter  
(appointed on 24 April 2015)

## INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Pang Hong  
(appointed on 14 April 2015)  
Mr. Foo Tin Chung Victor  
(appointed on 24 April 2015)  
Mr. Lee Siu Woo  
(appointed on 5 June 2015)  
Mr. Ho Ka Wing  
(resigned on 24 April 2015)  
Mr. Sin Ka Man  
(resigned on 14 April 2015)  
Mr. Hong Jianhua  
(appointed on 5 February 2015  
and resigned on 5 June 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

Mr. Chang Ki Sum Clark

## AUTHORISED REPRESENTATIVES

Mr. Lam Chi Keung  
Mr. Chang Ki Sum Clark

## AUDIT COMMITTEE

Mr. Foo Tin Chung Victor (*Chairman*)  
(appointed on 24 April 2015)  
Mr. Pang Hong  
(appointed on 14 April 2015)  
Mr. Lee Siu Woo  
(appointed on 5 June 2015)  
Mr. Ho Ka Wing  
(resigned on 24 April 2015)  
Mr. Sin Ka Man  
(resigned on 14 April 2015)  
Mr. Hong Jianhua  
(appointed on 5 February 2015  
and resigned on 5 June 2015)

## REMUNERATION COMMITTEE

Mr. Foo Tin Chung Victor (*Chairman*)  
(appointed on 24 April 2015)  
Mr. Pang Hong  
(appointed on 14 April 2015)  
Mr. Lee Siu Woo  
(appointed on 5 June 2015)  
Mr. Fung Wah Bong Peter  
(appointed on 24 April 2015)  
Mr. Ho Ka Wing  
(resigned on 24 April 2015)  
Mr. Sin Ka Man  
(resigned on 14 April 2015)  
Mr. Hong Jianhua  
(appointed on 5 February 2015  
and resigned on 5 June 2015)  
Mr. Chao Pang Fei  
(resigned on 30 April 2015)  
Ms. Hui Hongyan  
(resigned on 8 June 2015)

# Corporate Information

## **NOMINATION COMMITTEE**

Mr. Fung Wah Bong Peter (*Chairman*)  
(appointed on 24 April 2015)

Mr. Foo Tin Chung Victor  
(appointed on 24 April 2015)

Mr. Pang Hong  
(appointed on 14 April 2015)

Mr. Lee Siu Woo  
(appointed on 5 June 2015)

Mr. Ho Ka Wing  
(resigned on 24 April 2015)

Mr. Sin Ka Man  
(resigned on 14 April 2015)

Mr. Hong Jianhua  
(appointed on 5 February 2015  
and resigned on 5 June 2015)

Mr. Chao Pang Fei  
(resigned on 30 April 2015)

Ms. Hui Hongyan  
(resigned on 8 June 2015)

## **AUDITORS**

Mazars CPA Limited  
*Certified Public Accountants*

## **PRINCIPAL BANKERS**

The Bank Of East Asia  
HSBC

Bank of China (Hefei)

Bank of Communications (Hefei)

China Merchants Bank (Qingdao)

## **HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE**

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

## **STOCK CODE**

01106

## **COMPANY'S WEBSITE**

<http://www.sinohaijing.com>

## Highlights

- Turnover for the six months ended 30 June 2015 (the “Period”) was approximately HK\$257.33 million, representing an increase of approximately 1.58% as compared to approximately HK\$253.32 million for the corresponding period last year.
- Gross profit for the Period was approximately HK\$45.07 million, representing an increase of approximately 28.37% as compared to approximately HK\$35.11 million for the corresponding period last year. The overall profit margin for the Period increased from 13.86% to 17.51%.
- Loss attributable to equity holders of the Company for the Period was approximately HK\$13.94 million, representing an increase of approximately 30.40% as compared to approximately HK\$10.69 million for the corresponding period last year.
- The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2015.

## Interim Results

The board of Directors (the "Board") of Sino Haijing Holdings Limited (the "Company") announces the unaudited consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2015, together with unaudited comparative figures for the corresponding period in 2014 as follows:-

### Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2015

	Note	Six months ended 30 June	
		2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Turnover	2	257,328	253,323
Cost of sales		(212,260)	(218,215)
<b>Gross profit</b>		<b>45,068</b>	<b>35,108</b>
Other revenue and other income	4	2,404	2,884
Administrative and other operating expenses		(39,247)	(40,520)
Realised and unrealised loss on financial assets at fair value through profit or loss		(10,852)	-
<b>Loss from operations</b>		<b>(2,627)</b>	<b>(2,528)</b>
Finance costs		(8,693)	(6,752)
<b>Loss before tax</b>	5	<b>(11,320)</b>	<b>(9,280)</b>
Income tax expense	6	(2,622)	(1,412)
<b>Loss for the period</b>		<b>(13,942)</b>	<b>(10,692)</b>
<b>Other comprehensive loss</b> <i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences arising on translation of foreign operations		(113)	(6,890)
<b>Total comprehensive loss for the period</b>		<b>(14,055)</b>	<b>(17,582)</b>
<b>Loss attributable to:</b>			
Equity holders of the Company		(13,942)	(10,692)
<b>Total comprehensive loss attributable to:</b>			
Equity holders of the Company		(14,055)	(17,582)
<b>Loss per share</b>	8		
- Basic		(HK5.35 cents)	(HK4.29 cents)
- Diluted		(HK5.35 cents)	(HK4.29 cents)

# Condensed Consolidated Statement of Financial Position

At 30 June 2015

		As at 30 June 2015 HK\$'000 (Unaudited)	As at 31 December 2014 HK\$'000 (Audited)
	Note		
<b>NON-CURRENT ASSETS</b>			
Investment properties		9,550	9,809
Property, plant and equipment	9	167,417	160,095
Lease premium for land		30,549	30,920
Deposits for acquisition of land and property, plant and equipment		8,338	5,333
Goodwill		–	–
		<u>215,854</u>	<u>206,157</u>
<b>CURRENT ASSETS</b>			
Financial assets at fair value through profit or loss	10	48,338	1,861
Inventories		24,657	25,605
Lease premium for land		727	727
Trade and other receivables	11	235,024	290,543
Pledged bank deposits		–	96,559
Cash and cash equivalents		296,787	9,149
		<u>605,533</u>	<u>424,444</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	92,606	101,618
Bank and other borrowings		114,881	242,578
Tax payable		1,262	1,033
		<u>208,749</u>	<u>345,229</u>
<b>NET CURRENT ASSETS</b>		<u>396,784</u>	<u>79,215</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>612,638</u>	<u>285,372</u>
<b>NON-CURRENT LIABILITIES</b>			
Notes payable	13	280,000	–
Deferred tax liabilities		2,606	2,606
		<u>282,606</u>	<u>2,606</u>
<b>NET ASSETS</b>		<u>330,032</u>	<u>282,766</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	14	37,395	31,163
Reserves		292,637	251,603
<b>TOTAL EQUITY</b>		<u>330,032</u>	<u>282,766</u>



# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2015

	Attributable to equity holders of the Company							Sub-total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Warrants reserve HK\$'000	Statutory surplus reserve HK\$'000	Translation reserve HK\$'000	Accumulated losses HK\$'000			
At 1 January 2014	31,163	235,950	117	220	19,551	47,039	(34,876)	299,164	15,494	314,658
Loss for the period	-	-	-	-	-	-	(10,692)	(10,692)	-	(10,692)
Other comprehensive loss for the period	-	-	-	-	-	-	-	-	-	-
Exchange difference arising from translation of foreign operations	-	-	-	-	-	(6,890)	-	(6,890)	-	(6,890)
Total comprehensive loss for the period	-	-	-	-	-	(6,890)	(10,692)	(17,582)	-	(17,582)
Transactions with equity holders of the Company recognised directly in equity	-	-	-	-	-	-	-	-	-	-
Expiry of unlisted warrants	-	-	-	(220)	-	-	220	-	-	-
Acquisition of non-controlling interest in a subsidiary	-	-	-	-	-	-	2,092	2,092	(15,494)	(13,402)
At 30 June 2014 (unaudited)	<u>31,163</u>	<u>235,950</u>	<u>117</u>	<u>-</u>	<u>19,551</u>	<u>40,149</u>	<u>(43,256)</u>	<u>283,674</u>	<u>-</u>	<u>283,674</u>
At 1 January 2015	31,163	235,950	117	-	22,231	40,135	(46,830)	282,766	-	282,766
Loss for the period	-	-	-	-	-	-	(13,942)	(13,942)	-	(13,942)
Other comprehensive loss for the period	-	-	-	-	-	-	-	-	-	-
Exchange difference arising from translation of foreign operations	-	-	-	-	-	(113)	-	(113)	-	(113)
Total comprehensive loss for the period	-	-	-	-	-	(113)	(13,942)	(14,055)	-	(14,055)
Transactions with equity holders of the Company recognised directly in equity	-	-	-	-	-	-	-	-	-	-
Issue of shares by placement (Note 14(b))	6,232	55,089	-	-	-	-	-	61,321	-	61,321
At 30 June 2015 (unaudited)	<u>37,395</u>	<u>291,039</u>	<u>117</u>	<u>-</u>	<u>22,231</u>	<u>40,022</u>	<u>(60,772)</u>	<u>330,032</u>	<u>-</u>	<u>330,032</u>

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2015

	Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Net cash generated from operating activities	6,576	20,374
Net cash generated from/(used in) investing activities	76,119	(8,384)
Net cash generated from/(used in) financing activities	204,931	(20,566)
Net increase/(decrease) in cash and cash equivalents	287,626	(8,576)
Cash and cash equivalents at the beginning of the reporting period	9,149	28,995
Effect of foreign exchange rate changes	12	(667)
Cash and cash equivalents at the end of the reporting period	296,787	19,752
Analysis of the balances of cash and cash equivalents		
Bank and cash balances	55,542	19,752
Deposit with a financial institution with original maturity within three months	241,245	–
	296,787	19,752

# Notes to the Condensed Consolidated Interim Financial Information

## 1. BASIS OF PREPARATION

The Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2015 have been prepared in accordance with the Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and applicable disclosure requirements under Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules").

The accounting policies adopted in preparing the unaudited condensed consolidated interim financial statements are consistent with those applied for the financial statements of the Group for the year ended 31 December 2014.

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards ("HKFRS(s)") and interpretations that are first effective or available for early adoption for the current accounting period of the Group. There have been no significant changes to the accounting policies applied in these financial statements for the periods presented as a result of these developments.

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

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

## 2. TURNOVER

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

## 3. SEGMENT REPORTING

### (A) SEGMENT REVENUE, RESULTS, ASSETS AND LIABILITIES

The Group is principally engaged in the manufacture and sale of packaging materials in the People's Republic of China ("PRC"). The Group's chief operating decision maker regularly reviews the consolidated financial information to assess the performance and make resource allocation decisions. During the Period, the Group engaged in securities trading in which the segment assets of securities trading as at 30 June 2015 amounted to HK\$289,583,000 (as at 31 December 2014: HK\$1,861,000) and the segment loss for the Period was HK\$10,852,000 (six months ended 30 June 2014: Nil).

Apart from the securities trading segment, all revenue, results, assets, and liabilities are related to the manufacture and sale of packaging materials in the PRC.

## Notes to the Condensed Consolidated Interim Financial Information

### 3. SEGMENT REPORTING *(continued)*

#### (B) GEOGRAPHICAL INFORMATION

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

### 4. OTHER REVENUE AND OTHER INCOME

	Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
<b>Other revenue</b>		
Interest income	862	1,211
Rental income	283	–
	<u>1,145</u>	<u>1,211</u>
<b>Other income</b>		
Sale of raw materials and scrap products	373	888
Sale of steam	846	401
Compensation income	–	205
Sundry income	40	179
	<u>1,259</u>	<u>1,673</u>
	<u>2,404</u>	<u>2,884</u>

## Notes to the Condensed Consolidated Interim Financial Information

### 5. LOSS FOR THE PERIOD

The Group's loss for the period is stated after charging the following:–

	Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Amortisation of lease premium for land	372	407
Cost of inventories recognised as expense	212,260	218,215
Depreciation of property, plant and equipment	10,473	9,979
Depreciation of investment properties	265	–
Impairment loss on property, plant and equipment included in administrative and other operating expenses	–	2,997
Net exchange loss	28	2,103
Staff costs	33,671	35,922
Interest expenses on bank and other borrowings	4,335	6,752
Interest expenses on notes payable	4,358	–
	<b>8,693</b>	<b>6,752</b>

### 6. INCOME TAX EXPENSES

Hong Kong Profits Tax has not been provided as the Group had no estimated assessable profits for both current and prior periods. The income tax provision in respect of operations in the PRC is calculated at the applicable tax rates of 25% on the estimated assessable profits for the six months ended 30 June 2015 and 2014 based on existing legislation, interpretations and practices in respect thereof.

### 7. INTERIM DIVIDEND

For the six months ended 30 June 2015, the Board does not recommend the payment of any interim dividend (six months ended 30 June 2014: Nil).

## Notes to the Condensed Consolidated Interim Financial Information

### 8. LOSS PER SHARE

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

	Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Loss attributable to equity holders of the Company	<u>(13,942)</u>	<u>(10,692)</u>

	Six months ended 30 June	
	2015 '000 (Unaudited)	2014 '000 (Unaudited)
<b>Number of shares:</b>		
Issued ordinary shares at 1 January	249,300	1,246,501
Effect of share consolidation	–	(997,201)
Effect of issue of shares by placement	<u>11,294</u>	<u>–</u>
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	<u>260,594</u>	<u>249,300</u>

Diluted loss per share equals to basic loss per share as there were no potential dilutive ordinary shares outstanding for the period ended 30 June 2015. Diluted loss per share is the same as the basic loss per share for the period ended 30 June 2014 because the effect of potential ordinary shares was anti-dilutive.

## Notes to the Condensed Consolidated Interim Financial Information

### 9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2015, additions to property, plant and equipment amounted to HK\$19,926,000 (six months ended 30 June 2014: HK\$8,384,000) and disposal amounted to HK\$2,492,000 (six months ended 30 June 2014: HK\$14,137,000).

### 10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2015 <i>HK\$'000</i> (Unaudited)	As at 31 December 2014 <i>HK\$'000</i> (Audited)
<b>Held-for-trading investments (at fair value)</b>		
Equity securities listed in Hong Kong	47,519	–
Equity securities listed outside Hong Kong	819	1,861
	<u>48,338</u>	<u>1,861</u>

The fair value of listed equity securities is based on quoted market prices in active markets at the end of the reporting period.

## Notes to the Condensed Consolidated Interim Financial Information

### 11. TRADE AND OTHER RECEIVABLES

	As at 30 June 2015 <i>HK\$'000</i> (Unaudited)	As at 31 December 2014 <i>HK\$'000</i> (Audited)
Trade receivables	163,638	172,266
Less: Allowance for trade receivables	(522)	(523)
	<u>163,116</u>	<u>171,743</u>
Notes receivable	61,003	111,406
Other receivables	1,699	4,496
Prepayments and deposits	9,206	2,898
	<u>235,024</u>	<u>290,543</u>

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

	As at 30 June 2015 <i>HK\$'000</i> (Unaudited)	As at 31 December 2014 <i>HK\$'000</i> (Audited)
Within 3 months	159,040	162,149
Over 3 months but within 6 months	2,470	8,429
Over 6 months but within 1 year	1,235	664
Over 1 year	893	1,024
	<u>163,638</u>	<u>172,266</u>
Less: Allowance for trade receivables	(522)	(523)
	<u>163,116</u>	<u>171,743</u>



## Notes to the Condensed Consolidated Interim Financial Information

### 11. TRADE AND OTHER RECEIVABLES (continued)

The normal credit period granted to the customers of the Group is 90 to 120 days (2014: 90 to 120 days). Allowance for trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly.

### 12. TRADE AND OTHER PAYABLES

	As at 30 June 2015 HK\$'000 (Unaudited)	As at 31 December 2014 HK\$'000 (Audited)
Trade payables	65,842	69,858
Bills payables	9,350	16,790
Other payables	17,414	14,970
	<u>92,606</u>	<u>101,618</u>

## Notes to the Condensed Consolidated Interim Financial Information

### 12. TRADE AND OTHER PAYABLES (continued)

The ageing analysis of the trade payables by invoice date at the end of the reporting period is as follows:-

	As at 30 June 2015 <i>HK\$'000</i> (Unaudited)	As at 31 December 2014 <i>HK\$'000</i> (Audited)
Within 3 months	55,094	55,673
Over 3 months but within 6 months	7,149	8,251
Over 6 months but within 1 year	1,145	3,472
Over 1 year	2,454	2,462
	<u>65,842</u>	<u>69,858</u>

### 13. NOTES PAYABLE

	As at 30 June 2015 <i>HK\$'000</i> (Unaudited)	As at 31 December 2014 <i>HK\$'000</i> (Audited)
8% 2-year notes	<u>280,000</u>	<u>–</u>

The notes are interest-bearing at 8% per annum, matured on 21 April 2017 and secured by an equitable mortgage over the entire issued shares of Great Prospect Enterprise Limited, a wholly-owned subsidiary of the Company which was incorporated under the laws of the British Virgin Islands.

# Notes to the Condensed Consolidated Interim Financial Information

## 14. SHARE CAPITAL

	As at 30 June 2015		As at 31 December 2014	
	No. of shares (Unaudited)	HK\$'000 (Unaudited)	No. of shares (Audited)	HK\$'000 (Audited)
<b>Authorised:</b>				
– Ordinary shares of HK\$0.125 each (as at 31 December 2014: HK\$0.125 each)	800,000,000	100,000	800,000,000	100,000
<b>Issued and fully paid:</b>				
At the beginning of the reporting period	249,300,124	31,163	1,246,500,620	31,163
Shares consolidation (Note (a))	–	–	(997,200,496)	–
Issue of shares by placement (Note (b))	49,860,000	6,232	–	–
At the end of the reporting period	299,160,124	37,395	249,300,124	31,163

**Note:**

- (a) Pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 19 May 2014, every 5 issued and unissued ordinary share of HK\$0.025 each in the share capital of the Company was consolidated into 1 share of HK\$0.125 each. Upon the share consolidation becoming effective on 20 May 2014, the authorised share capital of the Company became HK\$100,000,000 divided into 800,000,000 consolidated shares, of which 249,300,124 consolidated shares were in issue and fully paid.
- (b) On 11 May 2015, the Company and Placing Agent, CNI Securities Group Limited, entered into a placing agreement in respect of the placement of 49,860,000 ordinary shares of HK\$0.125 each to not less six independent investors at a price of HK\$1.268 per share. The placement was completed on 21 May 2015 and the premium on the issue of shares, amounting to HK\$55,089,000, net of share issue expenses of HK\$1,901,000, was credited to the Company's share premium account.

## Notes to the Condensed Consolidated Interim Financial Information

### 15. RELATED PARTY TRANSACTION

In addition to the transactions/information disclosed elsewhere in these condensed consolidated financial statements, during the reporting period, the Group had the following transaction with related party:

	Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Sale of goods	833	–

The related party is wholly-owned by the substantial shareholder, Mr. Chao Pang Fei, of the Company.

### 16. CAPITAL COMMITMENTS

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

	As at 30 June 2015 HK\$'000 (Unaudited)	As at 31 December 2014 HK\$'000 (Audited)
Contracted but not provided for		
Construction of production facilities	–	13,488
Purchase of property, plant and equipment	8,907	409
Acquisition of a wholly-owned subsidiary	47,200	–
	<u>56,107</u>	<u>13,897</u>

# Notes to the Condensed Consolidated Interim Financial Information

## 17. 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 30 June 2015 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.

### ASSETS MEASURED AT FAIR VALUE

	As at 30 June 2015				As at 31 December 2014			
	Level 1 HK\$'000 (Unaudited)	Level 2 HK\$'000 (Unaudited)	Level 3 HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)	Level 1 HK\$'000 (Audited)	Level 2 HK\$'000 (Audited)	Level 3 HK\$'000 (Audited)	Total HK\$'000 (Audited)
Financial assets at fair value through profit or loss	48,338	-	-	48,338	1,861	-	-	1,861

During the period ended 30 June 2015, 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 (six months ended 30 June 2014: Nil).

## 18. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 31 August 2015.

# Management Discussion and Analysis

## FINANCIAL REVIEW

### TURNOVER

Turnover for the Period was approximately HK\$257.33 million, representing an increase of approximately 1.58% as compared to approximately HK\$253.32 million for the corresponding period last year.

### GROSS PROFIT

Gross profit for the Period was approximately HK\$45.07 million, representing an increase of approximately 28.37% as compared to approximately HK\$35.11 million for the corresponding period last year. The overall profit margin for the period increased from 13.86% to 17.51%. The increase in profit margin is mainly due to the decrease in material cost during the Period.

### OTHER REVENUE AND OTHER INCOME

Other operating income was approximately HK\$2.40 million for the Period, representing a decrease of approximately 16.67% as compared to approximately HK\$2.88 million for the corresponding period last year.

### FINANCE COSTS

Finance costs for the Period were approximately HK\$8.69 million, representing an increase of approximately 28.75% as compared to approximately HK\$6.75 million for the corresponding period last year. The increase is mainly due to the issue of 8% notes during the Period.

### LOSS FOR THE PERIOD

Loss attributable to equity holders of the Company for the Period was approximately HK\$13.94 million, representing an increase of approximately 30.40% as compared to approximately HK\$10.69 million for the corresponding period last year. The increase in loss attributable to equity holders of the Company was mainly due to the realised and unrealised loss on financial assets at fair value through profit or loss of approximately HK\$10.85 million.

## BUSINESS REVIEW

During the first half year of 2015, the Group was on the road of transformation and reform.

With the effort of the Company in 2014, the Company had enjoyed some improvements of its business during the Period. The operating costs of the Group including labour cost, fuel and accessory material cost, also decreased during the Period. However, still hit by the volatile global and Chinese economic and financial environment, the Company suffered a loss of HK\$10.85 million in investment in securities trading and had affected the result of the Group.

# Management Discussion and Analysis

To respond to the external environment that the Group is facing and to maintain the healthy and sustainable development of the Group, the Group was determined to step up to refine its business structure. The Group has continued to focus on its main business on the production and sale of expanded polystyrene (“EPS”) packaging products for household electrical appliances in the PRC while exploring different new business opportunities such as securities trading.

## BUSINESS OUTLOOK

Echoed with the business situation in 2014 as stated in the interim report of the Company in 2014, the economic condition was unstable all over the world.

Even though the business had improved during the first half year of 2015, the EPS packaging industry is in fact quite saturated and competition is fierce. Apart from enhancing the production technology so that the production chain of the Group can be more efficient, it is necessary for the Group to consider various business strategies and restructures in order to stand out and create a competitive edge to improve the business performance as well as the long term development of the Group.

## STRENGTHENING THE CAPITAL BASE

To start off, it is essential for the Group to possess a solid capital base so that the Group can better utilise its resources for new business opportunities. To achieve so, the Group had considered various ways of raising funds to fuel up itself.

On 17 April 2015, the Company had entered into a placing agreement in relation to the placing of 8% coupon secured and unlisted notes (the “Notes”) in an aggregate principal amount of up to HK\$280 million. The said placing of Notes had been completed on 21 April 2015. Details of the placing of Notes are set out in the announcements of the Company dated 17 and 21 April 2015. One of the events of default of issuing the Notes, of which Mr. Chao Pang Fei, (“Mr. Chao”) cannot, directly and indirectly, own less than 30% of the issued share capital of the Company, had been subsequently waived by the bondholder.

On 11 May 2015, the Company had entered into a placing agreement in relation to the placing of 49,860,000 new shares under general mandate at the placing price of HK\$1.268 per share to not less than six independent third parties. The net proceeds from this placing was HK\$61.23 million. Approximately HK\$4.8 million has been used as intended and the remaining balance is reserved for the intended use. The said placing had been completed on 21 May 2015. Details of the said placing of 49,860,000 new shares are set out in the announcements of the Company dated 11 and 21 May 2015.

With these fund raising activities, the Group was able to raise capital for the Group while broadening its shareholders and capital base which provides a solid ground for the Group to kick off the transformation of the Group.

# Management Discussion and Analysis

## STRONG MANAGEMENT TEAM AND LEADERSHIP

Equipped with sufficient capital, though, successful reforms of the Group will not be possible without insightful leadership.

During the first half year of 2015, new directors and management who are experienced in different areas such as financial management and with vast business connections so that the Group can consider different new business opportunities through a prism of various capabilities and perspectives. This can help the Group to come up with the corporate decisions which are beneficial to the Group and its shareholders as a whole as well as to best utilize the resources of the Company.

## DEVELOPMENT OF NEW BUSINESS

During the Period, the Group had showed its determination to step into potential business investment with cautiousness. The Board has been looking for different valuable and potential business opportunities during the Period. The Company grabbed hold of the opportunity to enter into a formal agreement with Corporate Fame Limited (“Corporate Fame”) regarding acquisition of the entire equity interest in Anyone Holdings Limited (the “Vendor”) which is the beneficial owner of a commercial property in Hong Kong (the “Acquisition”).

The Board believes that the Acquisition will enable the Company to broaden the income source and strengthen its asset base. The Group can enjoy long-term asset appreciation riding on the prime location of the Property. Details of the Acquisition are set out in the announcement dated 11 May 2015. Yet, the Board of Directors believes that being cautious in its business development decisions is essential to healthy development of the Group. The Company had entered into a supplemental agreement to extend the long stop date of the formal agreement for satisfaction of conditions precedent from 31 July 2015 to 31 August 2015. The Board of Directors will closely monitor and communicate with the Vendor in relation thereto.

Apart from this Acquisition, the Board will stay alert to the market conditions and seek for other potential business and investment opportunities for the Company and shareholders benefits.

## EVENTS AFTER THE REPORTING PERIOD

1. On 17 July 2015 (the “Disposal Date”), the substantial shareholder of the Company, Haijing Holdings Limited (“Haijing Holdings”), had disposed 83,079,204 shares of the Company (representing approximately 27.77% of the issued share capital of the Company as at 30 June 2015 and the Disposal Date) at a price of HK\$1.685 per share to Violet Profit Holdings Limited (“Violet Profit”), which is a company incorporated in the British Virgin Islands (“BVI”) with limited liability and is wholly-owned by Ms. Ku Yun-sen (“Ms. Ku”). Violet Profit and Ms. Ku are third parties independent of the Group and its connected persons.

Upon completion of the disposal, Haijing Holdings ceases to hold any share of the Company and ceases to be the substantial shareholder of the Company. Violet Profit and Ms. Ku thereby become the substantial shareholder of the Company.



# Management Discussion and Analysis

2. On 27 July 2015, the Company and a placing agent (the “Placing Agent”), Kingston Securities Limited, entered into a Placing Agreement (the “Placing Agreement”) pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, up to 59,830,000 shares at the placing price of HK\$1.5 per share to currently expected to be not fewer than six places who and whose beneficial owners shall be independent third parties. The transaction was completed on 12 August 2015.
3. On 11 May 2015, the Group entered in a formal agreement (the “Formal Agreement”) with Corporate Fame to acquire entire equity interest in Anyone Holdings Limited, which is principally engaged in property holding, at a consideration of HK\$52 million. On 29 July 2015, the Group and Corporate Fame entered into a supplemental agreement to the Formal Agreement, pursuant to which Corporate Fame and the Group agreed to extend the long stop date for the satisfaction of the conditions precedent as set out in the Formal Agreement from 31 July 2015 to 31 August 2015 (or such later date as Corporate Fame and the Group may agree in writing). On 27 August 2015, the Group and Corporate Fame entered into a second supplemental agreement to the Formal Agreement, pursuant to which Corporate Fame and the Group agreed to extend the long stop date for the satisfaction of the conditions precedent as set out in the Formal Agreement from 31 August 2015 to 30 September 2015 (or such later date as Corporate Fame and the Group may agree in writing).
4. On 28 August 2015, the Company and two independent third parties, Honghu Group Limited and Express Focus Group Limited (collectively the “Vendors”), entered into a letter of intent (the “Letter of Intent”) in relation to a proposed acquisition for acquiring 51% equity interest of East Favor Global Investment Limited, which through its indirectly wholly-owned PRC subsidiaries, is principally engaged in the business of manufacturing photovoltaic power generation system, and the construction, operation and management of photovoltaic power plants in the PRC, at a consideration of HK\$130 million. A refundable deposit of HK\$50 million was paid upon signing the Letter of Intent. Up to the date of this report, no formal agreement was made. Details of the proposed acquisition are set out in the announcement of the Company dated 28 August 2015.

## PROSPECT

The first half year of 2015 was a time for the Group to prepare and conform itself for new but sustainable developments. The effort that the management team and the Company had done during the first half year of 2015 may not be fully reflected in the performance in this Reporting Period, though, with the vision and strong leadership, the Group has been well equipped and fueled up for future development. The Board will continue to look for any more good investment and business opportunities. The Board is confident and determined to lead the Company to prosperity in the near future.

## Other Information

### LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2015, shareholders' funds of the Group amounted to approximately HK\$330.03 million, the Group's current assets amounted to approximately HK\$605.53 million and the Group's current liabilities amounted to approximately HK\$208.75 million which mainly comprised its trade and other payables, and interest-bearing bank and other borrowings. Taken into consideration of its current financial resources, the Group shall have adequate capital for its continual operation and development.

The issue of equity securities made under general mandate during the Period are as follows:

Date (Note 1)	Reasons for Making the Issue and Use of Proceeds		Number Issued and Exercise		Gross Proceeds (approximately)	Net Proceeds (approximately)	Net Price		Market Price (Note 2)
	Types		Nominal Value (HK\$)	Price Per Unit			Per Unit	Subscriber(s)	
21 May 2015	To develop potential new business, facilitate different investment and acquisition projects should such opportunities arise and for the general working capital of the Group	Placement of new shares	49,860,000; HK\$6,232,500	HK\$1.268	HK\$63.22 million	HK\$61.23 million	HK\$1.228	More than 6 independent professional, institutional and other investors	HK\$1.72

Notes:

1. The date on which the terms of the issue were fixed (the "Named Date").
2. The closing price of shares of the Company on the Named Date.

### DEBT AND GEARING

As at 30 June 2015, the total debts of the Company increased by approximately HK\$152.30 million as compared with 31 December 2014 which is mainly due to the issue of 8% 2-year notes. The total debts included bank and other borrowings, and notes payable.

The gearing ratio (total debts to total equity) is 119.65% (at 31 December 2014: 85.79%).

## Other Information

### PLEDGE OF ASSETS

In addition to the information disclosed elsewhere in the notes to the condensed consolidated interim financial information, as at 30 June 2015, the Group pledged assets with aggregate carrying value of HK\$91.62 million (as at 31 December 2014: HK\$189.64 million) to secure banking facilities.

### CAPITAL COMMITMENT

As at 30 June 2015, the Group's capital commitment contracted but not provided for in the financial statements is HK\$56.11 million (as at 31 December 2014: HK\$13.90 million).

### CONTINGENT LIABILITIES

As at 30 June 2015, the Group did not have any significant contingent liabilities.

### HEDGING

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

### PUBLIC FLOAT

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

### EMPLOYEES

As at 30 June 2015, the Group employed a total of 503 (as at 31 December 2014: 363) employees based in the PRC and Hong Kong. Employees were remunerated based on their performance, experience and industry practices.

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS

As at 30 June 2015, the interests or short positions of the Directors and the Chief Executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 under the Laws of Hong Kong (the "SFO"), as recorded in the register kept by the Company pursuant to Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by the Directors of Listed issuers (the "Model Code") contained in the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") were as follows:

## Other Information

### LONG POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

Name of Director	Personal interests	Corporate interests	Total	Approximate % of issued share capital
Mr. Chao (resigned on 30 April 2015)	–	83,079,204 (Note)	83,079,204	27.77

*Note:*

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

Save as disclosed above, as at 30 June 2015, none of the Directors or the Chief Executive of the Company nor their respective associates had any interest or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of SFO, to be entered in the register referred to therein; or (c) notified to the Company and the Stock Exchange pursuant to the Model Code.

### INTERESTS OF THE SUBSTANTIAL SHAREHOLDERS

As at 30 June 2015, so far as is known to the Directors of the Company, the following, not being a Director or the Chief Executive of the Company, have an interest or a short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO and are recorded in the register kept by the Company under section 336 of SFO:

### LONG POSITIONS IN THE SHARES OF THE COMPANY

Name	Types of interests	Number of shares	Approximate % of interest
Haijing Holdings	Beneficial owner	83,079,204	27.77
Ms. Sam Mei Wa (Note)	Interest of spouse	83,079,204	27.77

## Other Information

*Note:*

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

Save as disclosed above, as at 30 June 2015, the Directors of the Company were not aware of any persons who has an interest or short position in the Shares, or underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

### **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors as set out in Appendix 10 of the Listing Rules as the code for Directors' securities transactions ("the Model Code"). Having made specific enquiry, all the Directors confirmed their compliance with the required standard set out in the Model Code throughout the six months ended 30 June 2015.

### **PURCHASE, DISPOSAL OR REDEMPTION OF SECURITIES**

During the six months ended 30 June 2015, neither the Company, nor any of its subsidiaries purchased, disposed of or redeemed any of the Company's listed securities.

### **CORPORATE GOVERNANCE**

The Board periodically reviews the corporate governance practices of the Company to ensure its continuous compliance with the Corporate Governance Code (the "Code"), set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The Company has complied with applicable code provisions of Code for the six months ended 30 June 2015, except for certain deviations which are summarized below:

#### **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.

## Other Information

### CODE PROVISION A.6.7

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

For the annual and extraordinary general meetings held on 5 June 2015, only one executive director attended the meetings. The rest of the board of directors could not attend the meeting due to their busy business schedules or other engagements.

The Company will endeavour to arrange the future general meeting with the presence of the non-executive director and independent non-executive directors so as to fulfill the requirement of Code Provision A.6.7.

### CODE PROVISION E.1.2

Code Provision E.1.2 stipulates that the chairman of the board should attend the annual general meeting and arrange for the chairman of the audit, remuneration and nomination committees (as appropriate) or in the absence of the chairman of such committees, another member of the committee or failing this his duly appointed delegate, to be available to answer questions at the annual general meeting (the "AGM").

An executive director of the Company had chaired the AGM and answered questions from the shareholders. The AGM provides a channel for communication between the Board and the shareholders. Other than the AGM, the shareholders may communicate with the Company through the contact information listed on the Company's website.

## BOARD COMPOSITION

The Board currently comprises 3 executive Directors, 1 non-executive Director and 3 independent non-executive Directors. There is a majority of Non-executive Directors on the Board with a wide range of experience and calibre who bring valuable judgment on issues of strategy, performance and resources.

During the six months ended 30 June 2015, Mr. Wang Yi, Mr. Chao Pang Fei and Hui Hongyan have retired as executive Directors on 24 April 2015, 30 April 2015 and 8 June 2015 respectively.

Meanwhile, Ms. Szeto Wai Ling Virginia, Mr. Lam Wai Hung have been appointed as Executive Directors on 19 March 2015 and Mr. Lam Chi Keung has been appointed as Executive Directors on 18 August 2015.

Mr. Fung Wah Bong Peter has been appointed as the non-executive Director on 24 April 2015.

## Other Information

Mr. Hong Jiahua has been appointed as independent non-executive Director on 5 February 2015 and resigned on 5 June 2015.

Meanwhile, Mr. Sin Ka Man and Mr. Ho Ka Wing have resigned as independent non-executive Directors on 14 April 2015 and 24 April 2015 respectively. Mr. Pang Hong, Mr. Foo Tin Chung Victor and Mr. Lee Siu Woo have been appointed as independent non-executive Directors on 14 April 2015, 24 April 2015 and 5 June 2015.

### AUDIT COMMITTEE

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

The Audit Committee currently comprises three independent non-executive directors, namely Mr. Lee Siu Woo, Mr. Pang Hong and Mr. Foo Tin Chung Victor.

The Group's unaudited condensed consolidated interim results for the six months ended 30 June 2015 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

By order of the Board of  
**Sino Haijing Holdings Limited**  
**Lam Wai Hung**  
*Executive Director*

Hong Kong, 31 August 2015

*As at the date of this report, the Board comprises Ms. Szeto Wai Ling Virginia (executive Director), Mr. Lam Wai Hung (executive Director), Mr. Lam Chi Keung (executive Director), Mr. Fung Wah Bong Peter (non-executive Director), Mr. Lee Siu Woo (independent non-executive Director), Mr. Pang Hong (independent non-executive Director) and Mr. Foo Tin Chung Victor (independent non-executive Director).*

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