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SINO HAIJING HOLDINGS LIMITED

中國海景控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01106)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

FINAL RESULTS

The board of Directors (the “Board”) of Sino Haijing Holdings Limited (the “Company”) herein present the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2015 together with the comparative audited figures for the corresponding year in 2014.

HIGHLIGHTS

- Revenue for the year was approximately HK\$499.9 million, representing a decrease of approximately 11.3% as compared to approximately HK\$563.6 million for the last year.
- Gross profit for the year was approximately HK\$91.7 million, representing an increase of approximately 14.1% as compared to approximately HK\$80.4 million for the last year. The overall gross profit margin for the year increased from 14.3% to 18.3%.
- Loss attributable to equity holders of the Company for the year was approximately HK\$68.0 million, representing a substantial increase of approximately 486.2% as compared to approximately HK\$11.6 million for the last year.
- The Board does not recommend the payment of any dividend for the year ended 31 December 2015.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

	<i>Notes</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Turnover	3	<u>529,702</u>	<u>563,565</u>
Revenue	3	<u>499,936</u>	563,565
Cost of sales		<u>(408,286)</u>	<u>(483,145)</u>
Gross profit		91,650	80,420
Other revenue and other (loss) income	5	<u>(51,612)</u>	6,362
Administrative and other operating expenses		<u>(78,670)</u>	<u>(81,705)</u>
(Loss) Profit from operations		(38,632)	5,077
Finance costs	6	<u>(23,483)</u>	<u>(12,957)</u>
Loss before tax	6	(62,115)	(7,880)
Income tax expense	7	<u>(5,866)</u>	<u>(3,706)</u>
Loss for the year		(67,981)	(11,586)
Other comprehensive loss:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<u>(15,804)</u>	<u>(6,904)</u>
Total comprehensive loss for the year		<u>(83,785)</u>	<u>(18,490)</u>
Loss attributable to:			
Equity holders of the Company		<u>(67,981)</u>	<u>(11,586)</u>
Total comprehensive loss attributable to:			
Equity holders of the Company		<u>(83,785)</u>	<u>(18,490)</u>
Loss per share	9		(Adjusted)
– Basic		<u>(HK2.24 cents)</u>	<u>(HK0.46 cents)</u>
– Diluted		<u>(HK2.24 cents)</u>	<u>(HK0.46 cents)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	<i>Notes</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Non-current assets			
Investment properties		8,776	9,809
Property, plant and equipment		165,137	160,095
Lease premiums for land		28,541	30,920
Deposits for potential acquisition of subsidiaries	<i>10</i>	50,000	–
Deposits for acquisition of land and property, plant and equipment		4,176	5,333
Goodwill		–	–
		<u>256,630</u>	<u>206,157</u>
Current assets			
Financial assets at fair value through profit or loss	<i>11</i>	162,615	1,861
Inventories		23,381	25,605
Lease premiums for land		687	727
Trade and other receivables	<i>12</i>	329,970	290,543
Pledged bank deposits		2,658	96,559
Cash and cash equivalents		90,143	9,149
		<u>609,454</u>	<u>424,444</u>
Current liabilities			
Trade and other payables	<i>13</i>	99,985	101,618
Bank and other borrowings		134,395	242,578
Current tax payable		1,659	1,033
		<u>236,039</u>	<u>345,229</u>
Net current assets		<u>373,415</u>	<u>79,215</u>
Total assets less current liabilities		<u>630,045</u>	<u>285,372</u>
Non-current liabilities			
Deferred tax liabilities		2,396	2,606
Notes payable	<i>14</i>	280,000	–
		<u>282,396</u>	<u>2,606</u>
NET ASSETS		<u>347,649</u>	<u>282,766</u>
Capital and reserves			
Share capital		44,874	31,163
Reserves		302,775	251,603
Equity attributable to equity holders of the Company		<u>347,649</u>	<u>282,766</u>
TOTAL EQUITY		<u>347,649</u>	<u>282,766</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2015

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”).

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 HKFRS, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

All amounts have been rounded to the nearest thousand, unless otherwise indicated.

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2014 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.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle

The application of the new and revised HKFRSs in the current year has had no material effect on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in 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 1	Disclosure Initiative ¹
Amendments to HKASs 16 and 38	Clarification of Acceptable Methods of Depreciation and Amortisation ¹
Amendments to HKASs 16 and 41	Bearer Plants ¹
Amendments to HKAS 27 (2011)	Equity Method in Separate Financial Statements ¹
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	Investment Entities: Applying the Consolidation Exception ¹
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations ¹
HKFRS 14	Regulatory Deferral Accounts ¹
Annual Improvements Project	2012–2014 Cycle ¹
HKFRS 15	Revenue from Contracts with Customers ²
HKFRS 9 (2014)	Financial Instruments ²
Amendments to HKFRS 10 and HKAS 28 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³

¹ Effective for annual periods beginning on or after 1 January 2016

² Effective for annual periods beginning on or after 1 January 2018

³ The effective date of the amendments which was originally intended to be effective for annual periods beginning on or after 1 January 2016 has been deferred/removed

3. TURNOVER AND REVENUE

Turnover represents (i) the sale of packaging products, which is net of value-added tax and other sales taxes, and is stated after deduction of all goods returns and trade discounts, and (ii) the gross proceeds from trading of securities during the year as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Sale of packaging products	499,936	563,565
Gross proceeds from trading of securities	29,766	–
	<u>529,702</u>	<u>563,565</u>

An analysis of the Group's revenue for the year is as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Sale of packaging products	<u>499,936</u>	<u>563,565</u>

4. SEGMENT INFORMATION

The chief operating decision maker has evaluated the performance of operating segments and allocated resources to those segments based on the Group's internal reporting in respect of these segments. The Group's operating segments are structured and managed separately according to the nature of their businesses. The Group's reportable segments are as follows:

- (a) Manufacturing and sale of packaging products ("Packaging Business"); and
- (b) Securities trading and other investing activities ("Securities Investments").

Segment results represent the result from each reportable segment. The following analysis is the measure reported to the chief operating decision maker for the purposes of resources allocation and assessment of segment performance.

BY BUSINESS SEGMENTS

An analysis of the Group's revenue and result by reportable segment is set out below:

	Packaging Business		Securities Investments		Total	
	2015	2014	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment revenue						
Revenue from external customers	<u>499,936</u>	<u>563,565</u>	<u>-</u>	<u>-</u>	<u>499,936</u>	<u>563,565</u>
Reportable segment profit (loss)	<u>21,901</u>	<u>3,089</u>	<u>(57,561)</u>	<u>117</u>	<u>(35,660)</u>	<u>3,206</u>
Other income					722	2,376
Finance costs					(16,118)	(1,396)
Corporate expenses					<u>(11,059)</u>	<u>(12,066)</u>
Consolidated loss before tax					<u>(62,115)</u>	<u>(7,880)</u>

	Packaging Business		Securities Investments		Corporate		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Other segment information								
Interest income	185	2,645	-	-	754	-	939	2,645
Depreciation and amortisation	20,790	21,671	-	-	-	-	20,790	21,671
Impairment of goodwill	-	6,198	-	-	-	-	-	6,198
Finance costs	7,365	11,561	-	-	16,118	1,396	23,483	12,957
Income tax expenses	5,866	3,706	-	-	-	-	5,866	3,706
Additions to property, plant and equipment	<u>38,892</u>	<u>30,115</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,892</u>	<u>30,115</u>

5. OTHER REVENUE AND OTHER (LOSS) INCOME

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Other revenue		
Interest income	939	2,645
Rental income	536	271
	<hr/>	<hr/>
	1,475	2,916
	<hr/>	<hr/>
Other (loss) income, net		
Government grants	737	476
Sale of raw materials and scrap products	1,250	1,020
Sale of steam	946	968
Dividend income from held-for-trading listed securities	–	105
Fair value change of financial assets at fair value through profit or loss	(50,379)	177
Net realised loss on financial assets at fair value through profit or loss	(6,376)	–
Compensation income	188	427
Gain on disposal of property, plant and equipment	133	65
Net exchange gain	67	–
Sundry income	347	208
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	(53,087)	3,446
	<hr/>	<hr/>
	(51,612)	6,362
	<hr/>	<hr/>

6. LOSS BEFORE TAX

This is stated after charging (crediting):

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
a) Finance costs:		
Interest on bank and other borrowings wholly repayable within five years	7,834	12,957
Interest on 8% notes payable	<u>15,649</u>	<u>–</u>
	<u>23,483</u>	<u>12,957</u>
b) Staff costs (Directors' emoluments included):		
Salaries, wages and other benefits	66,519	63,643
Contribution to defined contribution retirement plans	<u>4,692</u>	<u>4,078</u>
	<u>71,211</u>	<u>67,721</u>
c) Other items:		
Amortisation of lease premiums for land	696	789
Auditor's remuneration	630	590
Cost of inventories (<i>Note</i>)	408,286	483,145
Depreciation of investment properties	523	–
Depreciation of property, plant and equipment	20,094	20,882
Impairment loss on goodwill included in administrative and other operating expenses	–	6,198
Impairment loss on trade receivables	–	421
Loss on disposal of property, plant and equipment, net	884	6,070
Net exchange (gain) loss	(67)	1,971
Operating lease charges on rented premises	<u>4,251</u>	<u>4,122</u>

Note: Cost of inventories includes HK\$60,421,000 (2014: HK\$58,702,000) 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.

7. 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 2015 and 2014 based on existing legislation, interpretations and practices in respect thereof.

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Current tax		
PRC enterprise income tax ("PRC EIT")		
– Current year	5,269	3,261
– Underprovision in prior year	665	515
Deferred tax	<u>(68)</u>	<u>(70)</u>
Tax expense for the year	<u>5,866</u>	<u>3,706</u>

8. DIVIDENDS

The directors do not recommend the payment of any dividend in respect of the years ended 31 December 2015 and 2014.

9. 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:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Loss attributable to equity holders of the Company	<u>(67,981)</u>	<u>(11,586)</u>
	2015	2014
	Number of shares	Number of shares
	'000	'000
		(Adjusted)
Weighted average number of ordinary shares for basic and diluted loss per share	<u>3,033,121</u>	<u>2,493,001</u>
		(Adjusted)
Loss per share:		
– Basic	<u>(HK2.24 cents)</u>	<u>(HK0.46 cents)</u>
– Diluted	<u>(HK2.24 cents)</u>	<u>(HK0.46 cents)</u>

Note: The number of shares adopted in the calculation of the basic and diluted loss per share for the years ended 31 December 2015 and 2014 has been adjusted to reflect the impact of the share subdivision effected during the year ended 31 December 2015.

The number of shares adopted in the calculation of the basic and diluted loss per share for the years ended 31 December 2015 and 2014 has been adjusted to reflect the impact of the share subdivision effected during the year ended 31 December 2015.

Diluted loss per share is the same as the basic loss per share for the year ended 31 December 2015 because there were no potential dilutive shares outstanding during the year. For the year ended 31 December 2014, the effect of potential ordinary shares was anti-dilutive and therefore diluted loss per share was the same as basic loss per share.

10. DEPOSITS FOR POTENTIAL ACQUISITION OF SUBSIDIARIES

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 construction, operation and management of photovoltaic power plants in the PRC, at a consideration of HK\$130,000,000. A refundable deposit of HK\$50,000,000 was paid upon signing the Letter of Intent. On 24 February 2016, the Letter of Intent lapsed and ceased to take effect. Pursuant to the Letter of Intent, the Vendors shall repay the refundable deposit of HK\$50,000,000, of which HK\$35,000,000 will be repaid by Honghu Group Limited and HK\$15,000,000 will be repaid by Express Focus Group Limited, together with interest accrued thereon, to the Company.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Equity securities:		
Listed in Hong Kong	128,563	–
Listed outside Hong Kong	381	1,861
Non-listed investment funds	33,671	–
	<u>162,615</u>	<u>1,861</u>

12. TRADE AND OTHER RECEIVABLES

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Trade receivables	144,747	172,266
Less: Allowance for trade receivables	(482)	(523)
	<u>144,265</u>	171,743
Bills receivable	102,988	111,406
Other receivables	72,222	4,496
Prepayments and deposits	10,495	2,898
	<u>329,970</u>	<u>290,543</u>

The normal credit period granted to the customers of the Group is 90 to 120 days (2014: 90 to 120 days). The ageing analysis of the trade receivables at the end of the reporting period is as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Within 3 months	137,717	162,149
Over 3 months but within 6 months	5,011	8,429
Over 6 months but within 1 year	15	664
Over 1 year	2,004	1,024
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	144,747	172,266
Less: Allowance for trade receivables	(482)	(523)
	<hr/>	<hr/>
	144,265	171,743
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13. TRADE AND OTHER PAYABLES

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Trade payables	59,996	69,858
Bills payable	4,839	16,790
Other payables	19,501	14,970
Accrued interest on 8% notes payable	15,649	–
	<hr/>	<hr/>
	99,985	101,618
	<hr/>	<hr/>

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Within 3 months	47,991	55,673
Over 3 months but within 6 months	7,560	8,251
Over 6 months but within 1 year	2,611	3,472
Over 1 year	1,834	2,462
	<hr/>	<hr/>
	59,996	69,858
	<hr/>	<hr/>

14. NOTES PAYABLE

The notes are interest-bearing at 8% per annum, maturing 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 is incorporated under the laws of British Virgin Islands. The notes holder is a third party independent of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The principal activities of the Group mainly focus on the production and sale of expanded polystyrene (“EPS”) packaging products for household electrical appliances in the PRC (“Packaging Business”). In order to broaden the Group’s investment strategy, during the year, the Group has engaged in the securities investment segment (“Securities Investments”).

Packaging Business

For the year under review, the revenue from Packaging Business was approximately HK\$499.9 million, representing a decrease of 11.3% as compared to approximately HK\$563.6 million for the corresponding year in 2014.

Gross profit of the Packaging Business was approximately HK\$91.7 million for the year 2015, representing an increase of approximately 14.1% as compared to approximately HK\$80.4 million for the corresponding year in 2014. The overall gross profit margin increased from 14.3% for 2014 to 18.3%. The increase in gross profit margin was mainly due to the decrease in material cost during the year. For the year under review, the Packaging Business recorded segment profit of approximately HK\$21.9 million (2014: approximately HK\$3.1 million).

Securities Investments

In view of the positive investment sentiment in the stock market of Hong Kong in the middle of year 2015, the Group has taken an active and optimistic approach in gaining short term investment profits and developed the Securities Investments segment. The Group has invested in a portfolio of listed securities in Hong Kong and in the PRC and also invested in a non-listed investment fund. The investments are designated and accounted for as financial assets at fair value through profit or loss in the consolidated financial statements.

As at 31 December 2015, the Group managed a portfolio of listed securities with aggregate market value of approximately HK\$128.9 million (2014: approximately HK\$1.9 million) and the carrying value of the non-listed investment funds was approximately HK\$33.7 million (2014: Nil). For the year under review, the Group recorded a loss in the Securities Investments segment of approximately HK\$57.6 million (2014: segment profit approximately HK\$0.1 million).

The Board will closely monitor the performance of the investment portfolio and will diversify the investment portfolio across various segments of the market.

Finance Costs

Finance costs for the year 2015 were approximately HK\$23.5 million, representing an increase of approximately 80.8% as compared to approximately HK\$13.0 million for the corresponding year in 2014. The increase of finance costs was mainly due to the interest accrued on the notes payable with principal amount of HK\$280.0 million with interest rate at 8% per annum which were issued in April 2015.

Loss for the year

For the year under review, loss attributable to equity holders of the Company was approximately HK\$68.0 million representing an increase of approximately 486.2% as compared to approximately of HK\$11.6 million for the corresponding year in 2014.

BUSINESS REVIEW AND OUTLOOK

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 2015, the Group still exposed to a tough operating environment due to the overall slowdown of economic growth and the continuous downturn of the property market in the PRC, resulting in significantly reduced demand for household electrical appliances. Although the profit margin of the Packaging Business improved during the year, the management expects the cost of raw materials would rise again with the oil price rebound recently and the profit margin may be adversely affected in the ensuring year.

Looking forward, the Group will focus on upgrading the production technology, improving the cost control, strengthening the internal management and broadening the customer base. The Group will also allocate resources to 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 cost and production efficiency. The Group will also continue to keep its inventory at reasonably low level in order to enhance profitability.

To diversify the business of the Group, the Board has been considering and exploring for appropriate opportunities for different investment projects, including, but not limited to the tourism and travel industry, entertainment and cultural industry and also to establish a money lending business. The Group has been granted for a money lender licence in Hong Kong under the Money Lenders Ordinance and intends to commence the money lending business as one of its principal businesses. For the other business opportunities, the Group has subsequently entered into the following projects as discussed below after the year end.

On 15 January 2016, the Company and an independent third party entered into a letter of intent (the “Letter of Intent”) in relation to a proposed acquisition of 95% issued share capital of Incola Travel Limited, which is principally engaged in the business of travel agency, at a consideration of not exceeding HK\$5.7 million. A refundable deposit of HK\$500,000 was paid upon signing the Letter of Intent. Up to the date of this announcement, no formal agreement has been made. Details of the proposed acquisition were set out in the announcement of the Company dated 15 January 2016.

On 23 January 2016, the Group entered into a formal agreement with Cherry Square Limited to acquire 85% shareholding in Master Race Limited and its indirectly wholly-owned PRC subsidiaries at a consideration of HK\$135 million. The indirectly wholly-owned PRC subsidiary of Master Race Limited, which is principally engaged in ticketing agency business, corporate advisory, business service and advertising business, was granted an exclusive ticketing agency right for the cultural show namely Impression Liu Sanjie* (印象劉三姐) by 桂林廣維文華旅遊文化產業有限公司 for a term of 20 years. The transaction has been completed on 24 March 2016. Details of the transaction were set out in the announcements of the Company dated 23 January 2016 and 24 March 2016.

On 4 February 2016, the Group entered into a subscription agreement (the “Subscription Agreement”) with Yong Tai Berhad (“Yong Tai”), a company incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad and principally engaged in manufacturing and dyeing of all types of fabric and property development. Pursuant to the Subscription Agreement, the Group has conditionally agreed to subscribe for 150,000,000 new ordinary shares of Yong Tai and 200,000,000 irredeemable preference shares in Yong Tai (“ICPS”) at the issue price of RM0.80 (equivalent to approximately HK\$1.48) per subscription share and ICPS respectively. The aggregate consideration for the subscription shares and the ICPS are RM280 million (equivalent to approximately HK\$518 million). Upon Completion, (i) assuming the exercise of all conversion rights attached to existing equity convertible securities issued by Yong Tai, the completion of Yong Tai other funding raising activities and the full conversion of the ICPS into Yong Tai shares, the Group will be interested in approximately 50.3% of the enlarged share capital of Yong Tai and Yong Tai will become a subsidiary of the Company and the financial information of the group of Yong Tai will be consolidated into the accounts of the Group; (ii) assuming the exercise of all conversion rights attached to existing equity convertible securities issued by Yong Tai, the completion of Yong Tai other fund raising activities but none of the ICPS were converted into Yong Tai shares, the Group will be interested in approximately 30.3% of the enlarged share capital of Yong Tai and Yong Tai will become an associated company of the Company. The details of the proposed subscription were set out in the announcement of the Company dated 5 February 2016.

With the concerted efforts of the management and staff of the Group, we are confident and optimistic about the Group’s future growth and outlook.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2015, the Group's current assets amounted to approximately HK\$609.5 million (2014: approximately HK\$424.4 million) of which approximately HK\$162.6 million (2014: approximately HK\$1.9 million) were financial assets at fair value through profit or loss and approximately HK\$90.1 million (2014: approximately HK\$9.2 million) were bank balances and cash. The Group's current liabilities amounted to approximately HK\$236.0 million (2014: approximately HK\$345.2 million) which mainly comprised its trade and other payables and interest-bearing bank and other borrowings, while the Group's non-current liabilities amounted to approximately HK\$282.4 million (2014: approximately HK\$ 2.6 million) which mainly comprised of the interest-bearing notes payables.

As at 31 December 2015, the Group's interest-bearing bank and other borrowings of approximately HK\$134.4 million (2014: approximately HK\$242.6 million) 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.

Gearing Ratio

As at 31 December 2015, the total tangible assets of the Group were approximately HK\$866.1 million (2014: approximately HK\$630.6 million) whereas the total liabilities were approximately HK\$518.4 million (2014: approximately HK\$347.8 million). The gearing ratio (total liabilities divided by total tangible assets) was approximately 59.9% (2014: approximately 55.2%).

Placing of shares under general mandate completed in May 2015

On 21 May 2015, the Company has issued and allotted 49,860,000 ordinary shares at the placing price of HK\$1.268 each to not less than six allottees. The closing market price was HK\$1.55 per share of the Company on the date on which the terms of the issue were fixed. The net proceeds of approximately HK\$61.3 million (approximately HK\$1.230 per share) was intended to use for developing potential new business and for general working capital of the Group.

Placing of shares under general mandate completed in August 2015

On 12 August 2015, the Company has issued and allotted 59,830,000 ordinary shares at the placing price of HK\$1.5 each to not less than six allottees. The closing market price was HK\$1.7 per share of the Company on the date on which the terms of the issue were fixed. The net proceeds of approximately HK\$87.4 million (approximately HK\$1.5 per share) was intended to use for general working capital of the Group.

Use of Proceeds from Placing of Shares

The total net proceeds from the placing of shares during the year 2015 was approximately HK\$148.7 million.

As at 31 December 2015, approximately HK\$18.0 million, approximately HK\$107.7 million and approximately HK\$23.0 million were paid for acquisition of property, plant and equipment, used for repayment of bank borrowings (including interests) and acquired for listed securities for the Securities Investments segment respectively.

Issue of notes in the principal amount of HK\$280,000,000

On 21 April 2015, the Company issued notes in the principal amount of HK\$280.0 million which carries 8% interest per annum and due on 21 April 2017. The notes are secured by an equitable mortgage over the entire issued shares of Great Prospect Enterprise Limited, a wholly-owned subsidiary of the Company which is incorporated under the laws of British Virgin Islands. The Group intends to use the net proceeds of the issuance for developing potential new business should such opportunities arise and for the working capital of the Group.

CAPITAL COMMITMENT

As at 31 December 2015, the group's outstanding capital commitment contracted but not provided for in the financial statements was approximately HK\$5.3 million (2014: approximately HK\$13.9 million).

PLEDGE OF ASSETS OF THE GROUP

As at 31 December 2015, the Group pledged assets with aggregate carrying value of approximately HK\$87.5 million (2014: approximately HK\$189.6 million) to secure banking and other facilities and other borrowings and the Group has also placed an equitable mortgage over the entire issued shares of Great Prospect Enterprise Limited, a wholly-owned subsidiary of the Company, to secure the notes payable.

CONTINGENT LIABILITIES

As at 31 December 2015, the Group did not have any significant contingent liabilities.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2015, the Group had a total of around 340 (2014: 360) staff. The Group remunerates its employees based on their performance, experience and industry practices.

The employees' remuneration policy was determined by reference to factors such as remuneration information in respect of the local market, the overall remuneration standard in the industry, inflation level, corporate operating efficiency and performance of the employees. Pursuant to a share option scheme adopted on 5 June 2015 (the "Share Option Scheme"), the Board may offer to grant any employee or director of the Company for the Share Option Scheme on the basis of his or her contribution to the Group, to subscribe for shares of the Company. During the year, no options were granted under the Share Option Scheme.

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.

CORPORATE GOVERNANCE

The Company has complied with applicable code provisions of 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"). For the year ended 31 December 2015, deviations from the Code are summarized below:

Code Provision A.2.7 stipulates that the chairman should at least annually hold meetings with the non-executive directors (including independent non-executive directors) without the executive directors present. The board meetings of the Company held during the year had included the participation of the executive Directors, yet the non-executive Directors (including independent non-executive Directors) could freely provide their independent opinion to the Board.

The Company will endeavor to arrange the meetings for the Chairman with the the non-executive Director (including the independent non-executive Directors) so as to comply with the requirement of Code Provision A.2.7.

Under the Code A.4.1, non-executive directors should be appointed for a specific term and subject to re-election. During the year under review, Mr. Ho Ka Wing and Mr. Sin Ka Man, who were independent non-executive Directors and resigned on 24 April 2015 and 14 April 2015 respectively, were not appointed for specific terms but they were subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the articles of association of the Company. However, after their resignation, all the non-executive directors (including independent non-executive directors) of Company are appointed for a specific term and subject to re-election. Thereafter, the Company has complied with Code A.4.1.

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 2015.

AUDIT COMMITTEE

The Audit Committee, comprising all the independent non-executive directors of the Company, has reviewed the results of the Group for the year ended 31 December 2015 and has discussed with the management the accounting principles and practices adopted by the Group, and its internal controls and financial reporting matters.

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

Hong Kong, 24 March 2016

As at the date of this announcement, the Board comprises of Ms. Li Zhenzhen, Mr. Lam Chi Keung, Ms. Szeto Wai Ling Virginia, Mr. Lam Wai Hung and Ms. Hu Jianping as executive Directors; Mr. Fung Wah Bong Peter as the non-executive Director; Mr. Lee Siu Woo, Mr. Pang Hong and Mr. Foo Tin Chung Victor as the independent non-executive Directors.

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