

中國海島



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

(Stock Code: 01106)

Interim Report 2013

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.

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Contents

	<i>Page</i>
Corporate Information	3
Highlights	4
Condensed Consolidated Statement of Comprehensive Income	5
Condensed Consolidated Statement of Financial Position	6
Condensed Consolidated Statement of Changes in Equity	7
Condensed Consolidated Statement of Cash Flows	8
Notes to the Condensed Consolidated Interim Financial Information	9
Management Discussion and Analysis	13
Other Information	16

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Chao Pang Fei (*Chairman*)
Mr. Wang Yi
Ms. Hui Hongyan

NON-EXECUTIVE DIRECTOR

Mr. Lan Yu Ping

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ho Ka Wing
Mr. Sin Ka Man
Ms. Chen Hongfang

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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

COMPANY SECRETARY

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

AUTHORISED REPRESENTATIVES

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

AUDIT COMMITTEE

Mr. Ho Ka Wing (*Chairman*)
Mr. Sin Ka Man
Ms. Chen Hongfang

REMUNERATION COMMITTEE

Mr. Ho Ka Wing (*Chairman*)
Mr. Sin Ka Man
Ms. Chen Hongfang
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
Ms. Chen Hongfang

LEGAL ADVISERS

As to Hong Kong Law
Loong & Yeung

As to Cayman Islands Law
Conyers Dill & Pearman, Cayman

AUDITORS

Mazars CPA Limited
Certified Public Accountants

PRINCIPAL BANKERS

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
26/F
Tesbury Centre
28 Queen's Road East
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Hong Kong

STOCK CODE

01106

COMPANY'S WEBSITE

<http://www.sinohaijing.com>

HIGHLIGHTS

- Turnover for the six months ended 30 June 2013 (the "Period") was approximately HK\$268.93 million, representing an increase of approximately 18.30% as compared to approximately HK\$227.34 million for the corresponding period last year.
- Gross profit for the Period was approximately HK\$34.58 million, representing an increase of approximately 44.11% as compared to approximately HK\$23.99 million for the corresponding period last year. The overall profit margin for the period increased from 10.55% to 12.86%.
- Loss attributable to equity holders of the Company for the Period was approximately HK\$96,000, representing a decrease of approximately 98.71% as compared to approximately HK\$7.44 million for the corresponding period last year.
- The board of directors (the "Board") does not recommend the payment of an interim dividend for the six months ended 30 June 2013.

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 2013, together with unaudited comparative figures for the corresponding period in 2012 as follows:-

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2013– unaudited

	Notes	Six months ended 30 June	
		2013 HK\$'000	2012 HK\$'000
Turnover	2	268,926	227,335
Cost of sales		(234,348)	(203,341)
Gross profit		34,578	23,994
Other revenue and other income		3,678	2,468
Administrative and other operating expenses		(31,867)	(28,793)
Profit (Loss) from operations		6,389	(2,331)
Finance costs		(5,283)	(4,645)
Profit (Loss) before tax	4	1,106	(6,976)
Income tax expense	5	(1,486)	(850)
Loss for the period		(380)	(7,826)
Other comprehensive income (loss)			
Exchange differences arising on translation of foreign operations		4,915	(2,976)
Total comprehensive income (loss) for the period		<u>4,535</u>	<u>(10,802)</u>
Loss attributable to:			
Equity holders of the Company		(96)	(7,435)
Non-controlling interests		(284)	(391)
		<u>(380)</u>	<u>(7,826)</u>
Total comprehensive income (loss) attributable to:			
Equity holders of the Company		4,584	(10,276)
Non-controlling interests		(49)	(526)
		<u>4,535</u>	<u>(10,802)</u>
Loss per share	7		
– Basic		<u>(0.01 cents)</u>	<u>(0.61 cents)</u>
– Diluted		<u>(0.01 cents)</u>	<u>(0.61 cents)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

	Notes	As at 30 June 2013 HK'000 (Unaudited)	As at 31 December 2012 HK'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	8	172,669	152,334
Lease premium for land		25,652	25,560
Deposits for acquisition of land and property, plant and equipment		14,133	20,138
Goodwill		20,379	20,057
		<u>232,833</u>	<u>218,089</u>
CURRENT ASSETS			
Financial assets at fair value through profit or loss		4,851	5,871
Inventories		25,708	25,289
Lease premium for land		591	582
Trade and other receivables	9	291,627	268,697
Pledged bank deposits		81,504	79,458
Bank balances and cash		13,066	21,120
		<u>417,347</u>	<u>401,017</u>
CURRENT LIABILITIES			
Trade and other payables	10	106,477	98,811
Bank and other borrowings		209,560	195,368
Tax payable		1,302	190
		<u>317,339</u>	<u>294,369</u>
NET CURRENT ASSETS		<u>100,008</u>	<u>106,648</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>332,841</u>	<u>324,737</u>
NON-CURRENT LIABILITIES			
Deferred tax liabilities		2,742	2,733
NET ASSETS		<u>330,099</u>	<u>322,004</u>
CAPITAL AND RESERVES			
Share capital	11	31,162	30,367
Reserves		284,211	276,862
Total equity attributable to equity shareholders of the Company		<u>315,373</u>	<u>307,229</u>
Non-controlling interests		<u>14,726</u>	<u>14,775</u>
TOTAL EQUITY		<u>330,099</u>	<u>322,004</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2013

	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 reserves HK\$'000	Translation reserve HK\$'000	Retained Profits (Accumulated loss) HK\$'000	Sub-total HK\$'000	Non-Controlling interests HK\$'000	Total equity HK\$'000
At 1/1/2012	30,242	231,640	117	1,646	254	15,693	35,842	13,675	329,109	14,873	343,982
Transfer	-	-	-	-	-	1,430	-	(1,430)	-	-	-
Loss for the year	-	-	-	-	-	-	-	(25,131)	(25,131)	(32)	(25,163)
Other comprehensive income for the year											
Exchange difference arising from translation of foreign operations	-	-	-	-	-	-	2,764	-	2,764	139	2,903
Total comprehensive loss for the year	-	-	-	-	-	-	2,764	(25,131)	(22,367)	107	(22,260)
Transactions with equity holders of the Company recognised directly in equity											
Cancellation share options	-	-	-	(282)	-	-	-	282	-	-	-
Exercise of share option	125	586	-	(185)	-	-	-	-	526	-	526
Acquisition of non-controlling interest in a subsidiary	-	-	-	-	-	-	-	(39)	(39)	(205)	(244)
Expiry of warrants	-	-	-	-	(254)	-	-	254	-	-	-
At 31/12/2012 and 1/1/2013	30,367	232,226	117	1,179	-	17,123	38,606	(12,389)	307,229	14,775	322,004
Loss for the period	-	-	-	-	-	-	-	(96)	(96)	(284)	(380)
Other comprehensive income for the period											
Exchange difference arising from translation of foreign operations	-	-	-	-	-	-	4,680	-	4,680	235	4,915
Total comprehensive income for the period	-	-	-	-	-	-	4,680	(96)	4,584	(49)	4,535
Transactions with equity holders of the Company recognised directly in equity											
Exercise of share option	795	3,724	-	(1,179)	-	-	-	-	3,340	-	3,340
Placing of unlisted warrants, net of expenses	-	-	-	-	220	-	-	-	220	-	220
At 30/6/2013	<u>31,162</u>	<u>235,950</u>	<u>117</u>	<u>-</u>	<u>220</u>	<u>17,123</u>	<u>43,286</u>	<u>(12,485)</u>	<u>315,373</u>	<u>14,726</u>	<u>330,099</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2013

	Six months ended 30 June	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Net cash inflow from operating activities	7,455	6,935
Net cash outflow from investing activities	(29,972)	(9,951)
Net cash inflow (outflow) from financing activities	14,192	(20,957)
Decrease in cash and cash equivalents	(8,325)	(23,973)
Cash and cash equivalents at the beginning of the period	21,120	34,418
Effect of foreign exchange rate change	271	(164)
Cash and cash equivalents at the end of the period	<u>13,066</u>	<u>10,281</u>
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	<u>13,066</u>	<u>10,281</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. BASIS OF PREPARATION

The Group's unaudited consolidated results for the six months ended 30 June 2013 have been prepared in accordance with the Hong Kong Financial Reporting Standards 34 "Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and applicable disclosure requirements in the Appendix 16 of the Listing Rules.

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

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

The accounting policies adopted in preparing the unaudited condensed consolidated interim results were consistent with those applied for the financial statements of the Group for the year ended 31 December 2012.

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

2. TURNOVER

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

3. SEGMENT REPORTING

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

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

b) *Geographical information*

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

4. PROFIT (LOSS) BEFORE TAXATION

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

	Six months ended 30 June	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Audit fee	280	280
Cost of inventories recognized as expense	234,348	203,341
Depreciation	10,655	10,231
Staff costs	35,615	33,012
Interest expenses on borrowings	5,283	4,645

5. INCOME TAX

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

6. INTERIM DIVIDEND

For the six months ended 30 June 2013, the Board does not recommend the payment of an interim dividend (2012: Nil).

7. LOSS PER SHARE

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

	Six months ended 30 June	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Loss attributable to equity holders of the Company	(96)	(7,435)

	Six months ended 30 June	
	2013 '000 (Unaudited)	2012 '000 (Unaudited)
Number of shares:		
Issued ordinary shares at 1 January	1,214,688	1,209,680
Effect of share options exercised	30,201	2,145
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	1,244,889	1,211,825

Diluted loss per share is the same as the basic loss per share for the periods ended 30 June 2013 and 2012 because the effect of potential ordinary shares is anti-dilutive.

8. PROPERTY, PLANT AND EQUIPMENTS

During the six months ended 30 June 2013, additions to property, plant and equipments amounted to HK\$29,972,000 (six months ended 30 June 2012: HK\$9,951,000) and disposal amounted HK\$524,000 (six months ended 30 June 2012: HK\$2,614,000).

9. TRADE AND OTHER RECEIVABLES

	As at 30 June 2013 HK'000 (Unaudited)	As at 31 December 2012 HK'000 (Audited)
Trade receivables	163,678	174,644
Less: Allowance for trade receivables	(91)	(89)
	<u>163,587</u>	<u>174,555</u>
Note receivables	117,258	87,804
Other receivables	6,040	3,471
Prepayments and deposits	4,742	2,867
	<u><u>291,627</u></u>	<u><u>268,697</u></u>

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

	As at 30 June 2013 HK'000 (Unaudited)	As at 31 December 2012 HK'000 (Audited)
Within 3 months	160,654	166,676
Over 3 months but within 6 months	2,370	5,655
Over 6 months but within 1 year	296	1,487
Over 1 year	358	826
	<u>163,678</u>	<u>174,644</u>
Less: Allowance for trade receivables	(91)	(89)
	<u><u>163,587</u></u>	<u><u>174,555</u></u>

The normal credit period granted to the customers of the Group is 90 to 120 days (2012: 90 to 120 days). Allowance for trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly.

10. TRADE AND OTHER PAYABLES

	As at 30 June 2013 HK'000 (Unaudited)	As at 31 December 2012 HK'000 (Audited)
Trade payables	74,654	55,145
Bills payables	23,484	32,828
Other payables	8,339	10,838
	<u>106,477</u>	<u>98,811</u>

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

	As at 30 June 2013 HK'000 (Unaudited)	As at 31 December 2012 HK'000 (Audited)
Within 3 months	59,009	48,410
Over 3 months but within 6 months	12,511	4,216
Over 6 months but within 1 year	1,597	628
Over 1 year	1,537	1,891
	<u>74,654</u>	<u>55,145</u>

11. SHARE CAPITAL

	HK\$'000
Authorised:	
As at 31 December 2012	
– 4,000,000,000 ordinary shares of HK\$0.025 each (Audited)	<u>100,000</u>
As at 30 June 2013	
– 4,000,000,000 ordinary shares of HK\$0.025 each (Unaudited)	<u>100,000</u>
Issued and fully paid:	
As at 31 December 2012	
– 1,214,688,620 ordinary shares of HK\$0.05 each (Audited)	<u>30,367</u>
As at 30 June 2013	
– 1,246,500,620 ordinary shares of HK\$0.025 each (Unaudited)	<u>31,162</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Turnover

Turnover for the Period was approximately HK\$268.93 million, representing an increase of approximately 18.30% as compared to approximately HK\$227.34 million for the corresponding period last year.

Gross profit

Gross profit for the Period was approximately HK\$34.58 million, representing an increase of approximately 44.11% as compared to approximately HK\$23.99 million for the corresponding period last year. The overall profit margin for the period increased from 10.55% to 12.86%.

Other operating income

Other operating income was approximately HK\$3.68 million for the Period, representing an increase of approximately 49.03% as compared to approximately HK\$2.47 million for the corresponding period last year. The increase in other operating income was mainly due to the increase of the exchange gain from the pledged RMB fixed deposit held by the Company.

Finance costs

Finance costs for the Period were approximately HK\$5.28 million, representing an increase of approximately 13.74% as compared to approximately HK\$4.65 million for the corresponding period last year. The increase of finance costs was due to increase in bank and other borrowings.

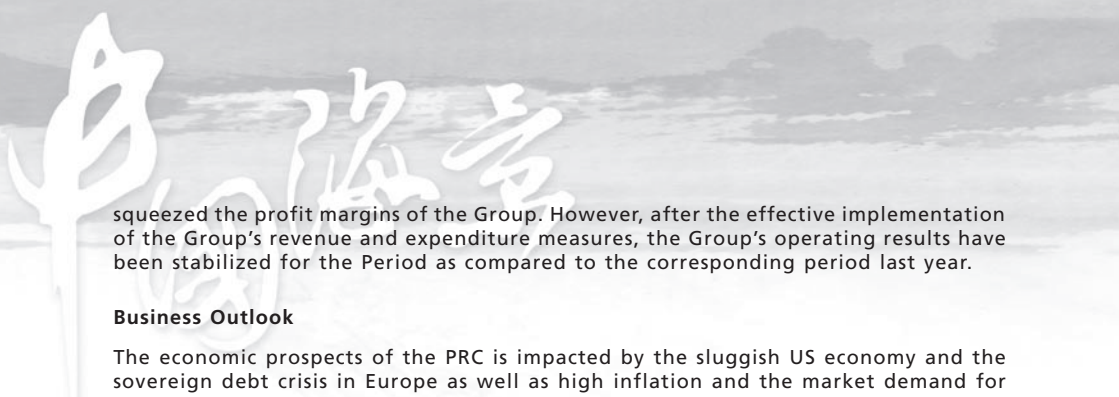
Loss for the Period

Loss attributable to equity holders of the Company for the Period was approximately HK\$96,000, representing a decrease of approximately 98.71% as compared to approximately HK\$7.44 million for the corresponding period last year. The decrease in loss attributable to equity holders of the Company was mainly due to increase in turnover and improvement in gross profit margin.

Business Review

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

During the first half year of 2013, the Group was exposed 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 and brought unprecedented challenges to the Group. Whereas the continuous rise of fuel, electricity, labour cost and accessory materials costs increased the operating costs of the Group



squeezed the profit margins of the Group. However, after the effective implementation of the Group's revenue and expenditure measures, the Group's operating results have been stabilized for the Period as compared to the corresponding period last year.

Business Outlook

The economic prospects of the PRC is impacted by the sluggish US economy and the sovereign debt crisis in Europe as well as high inflation 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" have utilized the market demand for the household electrical appliances in advance.

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 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.

Business Development

The Group will consolidate the existing customers and develop the new customers positively. The Group is competitive in developing of the new customers as the Group has a management team that has over 10 years of experience in managing packaging business and has a team of professional designers. The Group will strengthen its sensitivity towards changing market demand and creativity in product design and will further enhance its design edge so as to expand its market penetration and customer base.

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.

New Production Plant in Qingdao

The construction of the new production plant in Qingdao was completed and the operation of the new production plant will be commenced by the end of August 2013. The operation of new production plant in Qingdao will increase the production efficiency of the Group and should further enhance the service to the customers located in Qingdao.

Dormitory in Hefei

The construction of Block 2 dormitory in Hefei was completed and occupied. The construction of Block 1 dormitory was completed and will be occupied by the end of August 2013. The new dormitory can provide a better living environment for the employees in Hefei, improve their sense of belonging and stability.

Team building

The Group has adhered to the “people-oriented” enterprise conviction and strongly believes that only having outstanding human resources can enhance the overall competitiveness and cohesive spirit of the Group. The Group has adopted a share option scheme and offered a refined incentive bonus program to its staff. The Group provides ongoing staff training, offers fair and equitable promotional opportunities to its staff and provides a platform to its staff for their career advancement so as to enhance the quality of management and operations skills of the staff, nurture and reserve the key human resources for future development of the Group.

Memorandum of Understanding in respect of the Possible Acquisition (“MOU”)

On 5 February 2013, the Group entered into a non-legally binding MOU in relation to the possible acquisition. The Group may acquire a business which is engaged in energy saving management. Amid the significant reduction in the demand for the household electrical appliances and the fierce competition amongst the packaging products market in the PRC, the Group considers that the possible acquisition will offer a good opportunity for the Group to diversify its business and seek new revenue avenues. The Group is conducting the due diligence review of the target company.

The possible acquisition, if it materialises, may constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules. Further announcement(s) in respect of the possible acquisition will be made by the Company as and when appropriate in accordance with the Listing Rules.

The Board wishes to emphasize that no binding agreement in relation to the Possible Acquisition has been entered into as at the date of this announcement. In particular, Shareholders and potential investors in the Company are reminded that there is no assurance that the Possible Acquisition or any other transaction mentioned in this announcement will materialise or eventually be consummated and that the Possible Acquisition will be subject to various conditions. Shareholders and potential investors are urged to exercise caution when dealing in the securities of the Company.



LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2013, shareholders' funds of the Group amounted to approximately HK\$315.37 million, the Group's current assets amounted to approximately HK\$417.35 millions and the Group's current liabilities amounted to approximately 317.34 million which mainly comprised its trade and other payables and interest-bearing bank borrowings. Taken into consideration of its current financial resources, the Group shall have adequate capital for its continual operation and development.

PLEDGE OF ASSETS

As at 30 June 2013, the Group pledged assets with aggregate carrying value of HK\$164.36 million (As at 31 December 2012: HK\$161.64 million) to secure banking facilities.

CAPITAL COMMITMENT

As at 30 June 2013, the Group's capital commitment contracted but not provided for in the financial statements is HK\$18.20 million (As at 31 December 2012: HK\$21.90 million).

CONTINGENT LIABILITIES

As at 30 June 2013, 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 announcement, 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 2013, the Group employed a total of 435 (as at 31 December 2012: 482) employees based in the PRC and Hong Kong. Employees were remunerated based on their performance, experience and industry practices.

SHARE OPTIONS SCHEME

The purpose of the Share Option Scheme is to provide incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Share Option Scheme include any employees, directors, substantial shareholders or any of their respective associates of the Company and/or any of its subsidiaries of associated companies.

The following table discloses the movement of the Company's share options during the six months ended 30 June 2013.

	Date of grant	Exercisable period	Exercise price per share HK\$	Number of share options		
				Balance as at 1/1/2013	Exercised during the period	Balance as at 30/6/2013
Category 1						
Directors						
Wang Yi	6/11/2009	6/11/2011-5/11/2013	0.105	8,000,000	(8,000,000)	-
Hui Hongyan	6/11/2009	6/11/2011-5/11/2013	0.105	4,672,000	(4,672,000)	-
				<u>12, 672,000</u>	<u>(12,672,000)</u>	<u>-</u>
Category 2						
Employees	6/11/2009	6/11/2011-5/11/2013	0.105	19,140,000	(19,140,000)	-
				<u>31,812,000</u>	<u>(31,812,000)</u>	<u>-</u>

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS

As at 30 June 2013, 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:

Long positions in the shares and underlying shares of the Company

Name of Director	Personal interests	Corporate interest	Total	Approximate % of issued share capital
Mr. Chao Pang Fei ("Mr. Chao")	39,670,000	690,396,020 (Note)	730,066,020	58.57
Mr. Wang Yi	3,550,000	-	3,550,000	0.28
Ms Hui Hongyan	4,672,000	-	4,672,000	0.37

Note:

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

Save as disclosed above, as at 30 June 2013, 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 2013, 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	690,396,020	55.39
Ms. Sam Mei Wa (Note)	Interest of spouse	730,066,020	58.57

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 2013, 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 2013.

PURCHASE, DISPOSAL OR REDEMPTION OF SECURITIES

During the six months ended 30 June 2013, neither the Company, nor any of its subsidiaries purchased, disposed of or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Board periodically reviews the corporate governance practices of the Company to ensure its continuous compliance with the Corporate Governance Code (the "Code"), set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The Company has complied with applicable code provisions of each of the Former Code and the Revised Code for the six months ended 30 June 2013, 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. Non-Executive Director and Independent Non-Executive Directors of the Company are not appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meeting in accordance with the Articles of Association of the Company.

Code Provision A.6.7

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



For the annual general meeting held on 24 June 2013, only the chairman, one executive director and one independent non-executive director attended the meeting. The rest of the board of directors could not attend the meeting due to their busy business schedules or other engagements. The Company will endeavour to arrange the future general meeting with the presence of the non-executive director and independent non-executive directors so as to fulfill the requirement of Code Provision A.6.7.

AUDIT COMMITTEE

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

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

The Group's unaudited condensed consolidated interim results for the six months ended 30 June 2013 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

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

Hong Kong, 12 August 2013

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

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