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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: 1106)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2012

HIGHLIGHTS

- Turnover for the six months ended 30 June 2012 (the “Period”) was approximately HK\$227.34 million, representing a decrease of approximately 12.40% as compared with approximately HK\$259.51 million for the corresponding period last year.
- Gross profit for the Period was approximately HK\$23.99 million, representing a decrease of approximately 43.78% as compared with approximately HK\$42.68 million for the corresponding period last year.
- Loss attributable to equity holders of the Company for the Period was approximately HK\$7.44 million as compared to profit attributable to equity holders of the Company was approximately HK\$11.27 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 2012.

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 2012, together with unaudited comparative figures for the corresponding period in 2011 as follows:-

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2012- unaudited

		Six months ended 30 June	
		2012	2011
	Notes	HK\$'000	HK\$'000
Turnover	2	227,335	259,512
Cost of sales		(203,341)	(216,834)
Gross profit		23,994	42,678
Other revenue and other income		2,468	4,210
Administrative and other operating expenses		(28,793)	(25,434)
(Loss) Profit from operations		(2,331)	21,454
Finance costs		(4,645)	(4,941)
(Loss) Profit before tax	4	(6,976)	16,513
Income tax expense	5	(850)	(4,195)
(Loss) Profit for the period		(7,826)	12,318
Other comprehensive (loss) income			
Exchange differences arising on translation of foreign operations		(2,976)	6,645
Total comprehensive (loss) income for the period		(10,802)	18,963
(Loss) Profit attributable to:			
Equity holders of the Company		(7,435)	11,270
Non-controlling interests		(391)	1,048
		(7,826)	12,318
Total comprehensive (loss) income attributable to:			
Equity holders of the Company		(10,276)	17,533
Non-controlling interests		(526)	1,430
		(10,802)	18,963
Earnings per share	7		
- Basic		0.61 cents	0.93 cents
- Diluted		0.61 cents	0.91 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2012

		As at 30 June 2012 HK'000 (Unaudited)	As at 31 December 2011 HK'000 (Audited)
	Note		
NON-CURRENT ASSETS			
Property, plant and equipment	8	132,490	126,039
Lease premium for land		25,390	25,934
Goodwill		43,721	44,127
		201,601	196,100
CURRENT ASSETS			
Financial assets at fair value through profit or loss		4,947	5,576
Inventories		24,673	20,624
Lease premium for land		570	576
Trade and other receivables	9	245,624	318,958
Tax recoverable		702	963
Pledged bank deposits		77,806	76,406
Cash and cash equivalents		10,281	34,418
		364,603	457,521
CURRENT LIABILITIES			
Trade and other payables	10	70,194	125,967
Bank and other borrowings		159,939	180,896
		230,133	306,863
NET CURRENT ASSETS		134,470	150,658
TOTAL ASSETS LESS CURRENT LIABILITIES		336,071	346,758
NON-CURRENT LIABILITIES			
Deferred tax liabilities		2,733	2,776
NET ASSETS		333,338	343,982
CAPITAL AND RESERVES			
Share capital	11	30,338	30,242
Reserves		288,858	298,867
Total equity attributable to equity shareholders of the Company		319,196	329,109
Non-controlling interests		14,142	14,873
TOTAL EQUITY		333,338	343,982

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2012

	Attributable to equity holders of the Company										Total equity
	Share					Statutory			Non-		
	Share	Share	Capital	options	Warrants	surplus	Translation	Retained	Sub-	controlling	
	capital	Premium	reserve	reserve	reserve	reserves	reserve	Profits	total	interests	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1/1/2011	30,242	231,640	117	1,015	-	12,856	22,267	36,148	334,285	16,369	350,654
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	(2,985)	(2,985)
Additional capital injection by non-controlling interests	-	-	-	-	-	-	-	-	-	246	246
Transfer	-	-	-	-	-	2,837	-	(2,837)	-	-	-
Loss for the year	-	-	-	-	-	-	-	(19,636)	(19,636)	533	(19,103)
Other comprehensive income for the year											
Exchange difference arising from translation of foreign operations	-	-	-	-	-	-	13,575	-	13,575	710	14,285
Total comprehensive loss for the year	-	-	-	-	-	-	13,575	(19,636)	(6,061)	1,243	(4,818)
Transactions with equity holders of the Company recognised directly in equity											
Equity settled share-based transactions	-	-	-	631	-	-	-	-	631	-	631
Placing of unlisted warrants, net of expenses	-	-	-	-	254	-	-	-	254	-	254
At 31/12/2011 and 1/1/2012	30,242	231,640	117	1,646	254	15,693	35,842	13,675	329,109	14,873	343,982
Loss for the period	-	-	-	-	-	-	-	(7,435)	(7,435)	(391)	(7,826)
Other comprehensive loss for the period											
Exchange difference arising from translation of foreign operations	-	-	-	-	-	-	(2,841)	-	(2,841)	(135)	(2,976)
Total comprehensive loss for the period	-	-	-	-	-	-	(2,841)	(7,435)	(10,276)	(526)	(10,802)
Transactions with equity holders of the Company recognised directly in equity											
Exercise of share option	96	448	-	(142)	-	-	-	-	402	-	402
Lapse of share option	-	-	-	(267)	-	-	-	267	-	-	-
Acquisition of non-controlling interest in a subsidiary	-	-	-	-	-	-	-	(39)	(39)	(205)	(244)
At 30/6/2012	30,338	232,088	117	1,237	254	15,693	33,001	6,468	319,196	14,142	333,338

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2012

	Six months ended 30 June	
	2012	2011
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash inflow/(outflow) from operating activities	6,935	(29,573)
Net cash outflow from investing activities	(9,951)	(83,890)
Net cash (outflow)/inflow from financing activities	<u>(20,957)</u>	<u>58,292</u>
Decrease in cash and cash equivalents	(23,973)	(55,171)
Cash and cash equivalents at the beginning of the period	34,418	95,923
Effect of foreign exchange rate change	<u>(164)</u>	<u>614</u>
Cash and cash equivalents at the end of the period	<u>10,281</u>	<u>41,366</u>
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	<u>10,281</u>	<u>41,366</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 2012 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 2011.

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

Segment revenue, results, assets and liabilities

a) 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 BEFORE TAXATION

Profit before taxation is arrived at after charging:-

	Six months ended 30 June	
	2012	2011
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Audit fee	280	250
Cost of inventories recognized as expense	203,341	216,834
Depreciation	10,231	9,498
Staff costs	33,012	25,624
Interest expenses on borrowings	4,645	4,941

5. INCOME TAX

Hong Kong Profits Tax has not been provided as the Group had no estimated assessable profits for both current and prior period. 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 2012, the Board does not recommend the payment of an interim dividend (2011: Nil)

7. (LOSS) EARNINGS PER SHARE

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

	Six months ended 30 June	
	2012	2011
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
(Loss) Profit for the period attributable to ordinary equity holders of the Company	(7,435)	11,270
	Six months ended 30 June	
	2012	2011
	'000	'000
	(Unaudited)	(Unaudited)
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic (loss) earnings per share	1,211,825	1,209,681
Add: Effect of deemed issue of shares under the Company's share option scheme	2,746	18,067
Weighted average number of ordinary shares for the purpose of calculating diluted (loss) earnings per share	1,214,571	1,227,748

8. PROPERTY, PLANT AND EQUIPMENTS

During the six months ended 30 June 2012, additions to property, plant and equipments amounted to HK\$9,951,000 (six months ended 30 June 2011: HK\$8,914,000) and disposal amounted HK\$2,614,000 (six months ended 30 June 2011: HK\$1,549,000).

9. TRADE AND OTHER RECEIVABLES

	As at 30 June 2012 HK'000 (Unaudited)	As at 31 December 2011 HK'000 (Audited)
Trade and bills receivables	225,805	303,088
Less: Allowance for trade receivables	<u>(87)</u>	<u>(88)</u>
	225,718	303,000
Other receivables	5,305	3,121
Prepayments and deposits	<u>14,601</u>	<u>12,837</u>
	<u>245,624</u>	<u>318,958</u>

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

	As at 30 June 2012 HK'000 (Unaudited)	As at 31 December 2011 HK'000 (Audited)
Within 3 months	185,682	283,332
Over 3 months but within 6 months	38,934	17,353
Over 6 months but within 1 year	925	2,305
Over 1 year	<u>264</u>	<u>98</u>
	225,805	303,088
Less: Allowance for trade receivables	<u>(87)</u>	<u>(88)</u>
	<u>225,718</u>	<u>303,000</u>

The normal credit period granted to the customers of the Group is 60 to 90 days (2011: 60 to 90 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 2012 HK'000 (Unaudited)	As at 31 December 2011 HK'000 (Audited)
Trade payables	55,215	63,300
Bills payables	5,707	51,009
	60,922	114,309
Other payables	9,272	11,658
Financial liabilities measured at amortised cost	70,194	125,967

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

	As at 30 June 2012 HK'000 (Unaudited)	As at 31 December 2011 HK'000 (Audited)
Within 3 months	51,988	90,056
Over 3 months but within 6 months	5,882	22,644
Over 6 months but within 1 year	2,183	583
Over 1 year	869	1,026
	60,922	114,309

11. SHARE CAPITAL

HK\$'000

Authorised:

As at 31 December 2011

- 4,000,000,000 ordinary shares of HK\$0.025 each (Audited)	100,000
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As at 30 June 2012

- 4,000,000,000 ordinary shares of HK\$0.025each (Unaudited)	100,000
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Issued and fully paid:

As at 31 December 2011

-1,209,680,620 ordinary shares of HK\$0.05 each (Audited)	30,242
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As at 30 June 2012

- 1,213,506,620 ordinary shares of HK\$0.025 each (Unaudited)	30,338
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MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Turnover

Turnover for the Period was approximately HK\$227.34 million, representing a decrease of approximately 12.40% as compared with approximately HK\$259.51 million for the corresponding period last year.

Gross profit

Gross profit for the Period was approximately HK\$23.99 million, representing a decrease of approximately 43.78% as compared with approximately HK\$42.68 million for the corresponding period last year. The overall profit margin for the period decreased from 16.45% to 10.55%. The decrease in profit margin was due to the continuous rise in the costs of fuel, electricity and labour cost which were difficult to shift all the increasing costs to the customers in the current circumstances.

Finance costs

Finance costs for the Period were approximately HK\$4.65 million, representing a decrease of approximately 5.99% as compared with approximately HK\$4.94 million for the corresponding period last year.

Loss for the Period

Loss attributable to equity holders of the Company for the Period was approximately HK\$7.44 million as compared to profit attributable to equity holders of the Company was approximately HK\$11.27 million for the corresponding period last year.

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. During the first half year of 2012, 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 increased the operating costs of the Group squeezed the profit margins of the Group.

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 strengthen production technology management, equipment management and mould management, enhance production efficiency and product quality in order to achieve efficiency and increase overall productivity and profits.

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

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.

The construction of Block 2 dormitory in Hefei was completed in July 2012. The construction of dormitory can provide a better living environment for the employees in Hefei, improve their sense of belonging and stability. It is expected that the construction of Block 1 dormitory was commenced in July 2012 and will be completed in December 2012.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2012, shareholders' funds of the Group amounted to approximately HK\$319.20 million, the Group's current assets amounted to approximately HK\$364.60 millions and the Group's current liabilities amounted to approximately 230.13 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 2012, the Group pledged assets with aggregate carrying value of HK\$180.16 million (As at 31 December 2011: HK\$183.07 million) to secure banking facilities.

CAPITAL COMMITMENT

As at 30 June 2012, the Group's capital commitment contracted but not provided for in the financial statements is HK\$32.20 million (As at 31 December 2011: HK\$37.80 million).

CONTINGENT LIABILITIES

As at 30 June 2012, 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 2012, the Group employed a total of 834 (as at 31 December 2011: 1,148) 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 or associated companies.

The following table discloses the movement of the Company's share options during the six months ended 30 June 2012.

				Number of share options			
			Exercise	Exercised			
Date of grant	Exercisable period	price per share	Balance as at 1/1/2012	during the period	Lapsed upon resignation	Balance as at 30/6/2012	
HK\$							
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
Deng Chuangping	6/11/2009	6/11/2011-5/11/2013	0.105	5,760,000	-	(5,760,000)	-
				18,432,000	-	(5,760,000)	12,672,000
Category 2							
Employees	6/11/2009	6/11/2011-5/11/2013	0.105	25,998,000	(3,826,000)	(1,460,000)	20,712,000
				44,430,000	(3,826,000)	(7,220,000)	33,384,000

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS

As at 30 June 2012, 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	Number of underlying shares held under equity derivatives	Total	Approximate % of issued share capital
Mr. Chao Pang Fei ("Mr. Chao")	39,670,000	690,396,020 (Note 1)	-	730,066,020	60.16
Mr. Wang Yi	-	-	8,000,000 (Note 2)	8,000,000	0.66
Ms Hui Hongyan	-	-	4,672,000 (Note 2)	4,672,000	0.39

Notes:

1. These shares are legally owned by Haijing Holdings Limited (“Haijing Holdings”), a company incorporated in the British Virgin Islands (“BVI”) with limited liability and is wholly owned by Mr. Chao. By virtue of his 100% shareholding interest in Haijing Holdings, Mr. Chao is taken to be interested in all the shares of the Company held by Haijing Holdings pursuant to Part XV of the SFO.
2. These interests represented the interest in underlying shares in respect of share options granted by the Company to these directors as beneficial owners.

Save as disclosed above, as at 30 June 2012, 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 2012, 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	56.89
Ms. Sam Mei Wa (Note)	Interest of spouse	730,066,020	60.16

Note:

1. *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 2012, 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 2012.

PURCHASE, DISPOSAL OR REDEMPTION OF SECURITIES

During the six months ended 30 June 2012, neither the Company, nor any of its subsidiaries purchased, disposed of or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

Save and except the following deviation from the code provisions set out in the Code on Corporate Governance Practices (the "CCGP") as contained in Appendix 14 of the Listing Rules, the Company had, throughout the six months ended 30 June 2012 complied with the CCGP.

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. Save as disclosed, the Company has met the code provisions set out in the CCGP throughout the six months ended 30 June 2012.

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 2012 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, 13 August 2012

As at the date of this announcement, 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 announcement is published on the HKExnews website at <http://www.hkexnews.hk> and on the website of the Company at <http://www.sinohaijing.com>.