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Sijia Group Company Limited
思嘉集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1863)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2013
AND
CONTINUED SUSPENSION OF TRADING**

UNAUDITED INTERIM RESULTS

The board of directors (the "Board") of Sijia Group Company Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2013, together with the comparative figures for the corresponding period in 2012. The condensed consolidated interim financial statements have not been audited, but have been reviewed by the Company's audit committee.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2013

		For the six months ended 30 June	
		2013	2012
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Notes			
TURNOVER	5	486,544	586,500
Cost of sales		(415,203)	(385,309)
GROSS PROFIT		71,341	201,191
Other income and gains	5	3,328	2,991
Selling and distribution costs		(10,016)	(8,071)
Administrative expenses		(24,429)	(36,960)
Other expenses		(2,425)	(1,203)
PROFIT FROM OPERATIONS		37,799	157,948
Finance costs	6	(8,319)	(5,620)
PROFIT BEFORE TAX	7	29,480	152,328
Income tax expense	8	(2,593)	(26,941)
PROFIT FOR THE PERIOD		26,887	125,387
Other comprehensive income/(expenses) after tax:			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation of non-PRC operations		911	(109)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		27,798	125,278
PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO:			
Owners of the Company		26,955	125,404
Non-controlling interests		(68)	(17)
		26,887	125,387
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO:			
Owners of the Company		27,866	125,295
Non-controlling interests		(68)	(17)
		27,798	125,278
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (RMB cents)	9		
– Basic		3.16	15.13
– Diluted		3.16	15.13

Condensed Consolidated Statement of Financial Position

As at 30 June 2013

	Notes	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment		1,008,340	887,585
Prepaid land lease payments		33,969	34,509
Intangible assets		4,057	4,550
Deposits paid for acquisition of property, plant and equipment		46,429	93,616
Available-for-sale investment		4,140	4,140
Deferred tax assets		31,187	34,331
Total non-current assets		1,128,122	1,058,731
Current assets			
Inventories		132,787	117,451
Trade and bills receivables	10	414,804	305,767
Prepayments, deposits and other receivables		180,974	126,567
Pledged deposits		106,247	70,502
Cash and cash equivalents		54,521	80,116
Total current assets		889,333	700,403
Current liabilities			
Trade and bills payables	11	393,614	250,731
Other payables and accruals		110,695	68,169
Interest-bearing bank borrowings		275,039	224,476
Deferred income		360	360
Tax payable		15,640	23,787
Due to a related party		–	125
Total current liabilities		795,348	567,648
Net current assets		93,985	132,755
Total assets less current liabilities		1,222,107	1,191,486
Non-current liabilities			
Interest-bearing bank borrowings		90,000	100,000
Deferred income		2,310	2,490
Deferred tax liabilities		14,293	14,293
Total non-current liabilities		106,603	116,783
NET ASSETS		1,115,504	1,074,703
Capital and reserves			
Equity attributable to owners of the Company			
Issued capital		747	747
Reserves		1,097,482	1,069,616
		1,098,229	1,070,363
Non-controlling interests		17,275	4,340
TOTAL EQUITY		1,115,504	1,074,703

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

For the six months ended 30 June 2013

1. General Information

Sijia Group Company Limited (the “Company”) was incorporated as an exempted company with limited liability in the Cayman Islands on 7 October 2009. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

In the opinion of the directors, the holding company of the Company is Hopeland International Holdings Company Limited (“Hopeland International”) (浩林國際控股有限公司) and the ultimate controlling shareholder of the Company is Lin Shengxiong (“Mr. Lin”).

The shares of the Company were listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 29 April 2010 and have been suspended for trading since 14 February 2013.

The Group is principally engaged in the design, development, manufacture and sale of (i) polymer processed high strength polyester fabric composite materials and other reinforced composite materials, (ii) conventional materials and (iii) downstream related inflatable and waterproof products targeting the outdoor leisure, recreation and sports consumer market.

2. Basis of Preparation

These condensed financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

These condensed financial statements should be read in conjunction with the 2012 annual financial statements. The accounting policies and methods of computation used in the preparation of these condensed financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2012 except as stated below.

3. Adoption of new and revised Hong Kong Financial Reporting Standards

In the current period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2013. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies and amounts reported for the current period and prior years.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

4. Segment Information

There is only one operating segment which is principally engaged in the design, development, manufacture and sale of (i) polymer processed high strength polyester fabric composite materials and other reinforced composite materials, (ii) conventional materials and (iii) downstream related inflatable and waterproof products targeting the outdoor leisure, recreation and sports consumer market.

5. Turnover, Other Income and Gains

The Group's turnover which represents sales of goods to customers is as follows:

	Six month ended 30 June	
	2013	2012
	(Unaudited) RMB'000	(Unaudited) RMB'000
Turnover		
Sales of goods	486,544	586,500
Other income and gains		
Bank interest income	450	888
Government subsidies (note)	2,562	1,607
Gross rental income	50	325
Dividend income from available-for-sale unlisted investment	14	–
Sundry income	252	171
	3,328	2,991

Note: Government subsidies are received and used for development of new products and implementation of environmental protection development programmes. These government subsidies are not attributable to any non-current assets and there were no specific conditions attached to the subsidies. Therefore, the Group recognised the subsidies upon receipt during the period ended 30 June 2013 and 2012.

6. Finance Costs

	Six month ended 30 June	
	2013	2012
	(Unaudited) RMB'000	(Unaudited) RMB'000
Interest on bank loans wholly repayable within five years	12,040	5,620
Less: interests capitalised	(3,721)	–
	8,319	5,620

7. Profit Before Tax

The Group's profit before tax is stated after charging:

	Six month ended 30 June	
	2013	2012
	(Unaudited) RMB'000	(Unaudited) RMB'000
Depreciation of property, plant and equipment	31,151	26,264
Amortisation of intangible assets	493	603
Loss on disposal of property, plant and equipment	–	712

8. Income Tax Expense

	Six month ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Current tax – the PRC		
Provision for the period	325	25,583
Over-provision in prior years	(876)	–
Deferred tax	3,144	1,358
	2,593	26,941

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands or the British Virgin Islands.

Pursuant to the relevant tax law of the Hong Kong Special Administrative Region, Hong Kong profits tax is subject to a rate of 16.5% for the period ended 30 June 2013 on the estimated assessable profits arising in Hong Kong during the period. No provision for income tax has been made as the Group had no taxable income during the period.

9. Earnings Per Share Attributable to owners of the Company

The calculation of basic and diluted earnings per share is based on the following:

	Six month ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Earnings		
Profit attributable to owners of the Company, used in the basic and diluted earnings per share calculation	26,955	125,404
Number of shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculations	852,612,000	828,831,000

Diluted earnings per share for the periods ended 30 June 2013 and 2012 is the same as the basic earnings per share as the Company did not have any dilutive potential ordinary shares during the periods.

10. Trade and Bills Receivables

	30 June	31 December
	2013	2012
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Trade receivables	414,804	300,667
Bills receivable	–	5,100
	414,804	305,767

The Group's trading terms with its customers are mainly on credit. The credit period is generally three months, extending up to four months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimize credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

The aging analysis of trade receivables as at the end of the reporting period, based on the date the Group is entitled to receive, and net of allowance, is as follows:

	30 June 2013 (Unaudited) RMB'000	31 December 2012 (Unaudited) RMB'000
Within 3 months	272,011	209,910
More than 3 months but within 6 months	49,938	30,725
More than 6 months but within 1 year	76,612	59,943
More than 1 year	16,243	5,189
	414,804	305,767

11. Trade and Bills Payables

	30 June 2013 (Unaudited) RMB'000	31 December 2012 (Audited) RMB'000
Trade payables	168,278	90,008
Bills payables	225,336	160,723
	393,614	250,731

The aging analysis of trade and bills payables as at the end of the reporting period, based on the date the Group is entitled to pay, is as follows:

	30 June 2013 (Unaudited) RMB'000	31 December 2012 (Audited) RMB'000
Within 3 months	225,926	194,970
More than 3 months but within 6 months	143,099	49,699
More than 6 months but within 1 year	19,529	4,431
More than 1 year	5,060	1,631
	393,614	250,731

Management Discussion and Analysis

Market Overview

The growth in gross domestic product of China was 7.7% in 2013, the weakest growth rate in more than a decade. The general deceleration in China's economic growth and the uncertainties in the market outlook led to weak consumer confidence. This, together with inflationary pressure in labour and rental costs, clouded the economy during the year. Nonetheless, the series of reforms by the Chinese government to spur growth in domestic consumption, including further urbanisation and rising household income, should gradually offer steady growth in consumer demand in the future.

Business Review

The Group is a recognised industry leader in the People's Republic of China (the "PRC") in providing reinforced new materials for a wide spectrum of industries, such as modern transportation, construction, renewable energy, agriculture, healthcare, sports, outdoor leisure and daily supplies. The management team of the Group has vast experience in proprietary technology, product innovation and marketing. With the experienced management team, the Group implemented a market-focused strategy. The Group also engaged in the manufacturing and sales of novel products developed by the research and development ("R&D") team and academic institutions. Various novel products and production techniques of the Group possess independent intellectual property rights and national patents on technology.

The Group's reinforced materials (the "Reinforced Materials") business, located in Fuzhou and Shanghai, utilises self-developed facilities and techniques, which has acquired national patents on innovation, to produce new materials, including architectural membrane, waterproofing membrane, thermoplastic polyurethane ("TPU") materials, air tightness materials, inflatable materials, biogas tank materials, tarpaulin materials, wader and protective garment materials, etc. Such materials exhibit nine characteristics, including high tensile strength, anti-tearing, anti-stripping, flame retardancy, anti-bacteria, anti-corrosive, durable, low temperature resistance and sunlight resistance. Meanwhile, the Group has also expanded into downstream end products (the "End Products") business, with factories located in Xiamen, Wuhan which develops and manufactures clean energy products such as biogas tank; and outdoor leisure sports consumer products such as wader and protective clothing, inflatable boats, and large inflatable toys. Given the diverse applications of the Reinforced Materials and End Products, the Group's products can be applied in eleven major markets including outdoor, sports, renewable energy, protection, construction, logistic, packaging, medical use, safety, advertising and daily supplies.

Revenue for the period under review was approximately RMB486.5 million, representing a decrease of approximately RMB100.0 million, or 17.0%, compared to revenue of approximately RMB586.5 million for last period. The decrease was primarily attributable to a decrease in the selling price of certain products and increased market competition.

For the period under review, the Group's products can be categorised into three types : (i) Reinforced Materials; (ii) conventional materials ("Conventional Materials"); and (iii) End Products. The Group generated most of its revenue from the Reinforced Materials which accounted for approximately 43.8% (2012: approximately 53.3%) of total revenue. Local sales continued to be the Group's major source of revenue, representing approximately 73.1% (2012: approximately 82.1%) of the total revenue while export sales only accounted for approximately 26.9% (2012: approximately 17.9%) of the total revenue.

The table below sets forth the Group's revenue by products:

	For the six months ended 30 June			
	2013		2012	
	(RMB million)	%	(RMB million)	%
Reinforced Materials	212.9	43.8	312.4	53.3
Conventional Materials	83.9	17.2	108.7	18.5
End Products	189.7	39.0	165.4	28.2
	486.5	100.0	586.5	100.0

The table below sets forth the Group's revenue by geographical locations:

	For the six months ended	
	30 June	
	2013	2012
PRC	355.5	481.7
Others	131.0	104.8
	486.5	586.5

Reinforced Materials

For the period under review, in respect of the Reinforced Materials, the Group delivered the most in inflatable and air-tightness materials. With the Group's effort to build up its brand image and reputation, the Group started to deliver inflatable and air-tightness materials to serve its high-end overseas customers. Leveraging on its leading marketing position, the Group was able to offer competitive pricing.

As at 30 June 2013, the Group owned a total of 75 patents with 18 on innovations, 19 on new applications and 18 on exterior designs.

For the period under review, the Group's revenue generated from Reinforced Materials amounted to approximately RMB212.9 million (2012: approximately RMB312.4 million) which accounted for approximately 43.8% (2012: approximately 53.3%) of the Group's total revenue, representing a decrease in sales of 31.9%. The decrease in revenue from Reinforced Material is mainly attributable to the reduction in sale of biogas tank materials, as well as bag materials due to intensifying market competition.

Conventional Materials

For the period under review, the Group's revenue generated from the Conventional Materials amounted to approximately RMB83.9 million (2012: approximately RMB108.7 million) which accounted for approximately 17.2% (2012: approximately 18.5%) of total revenue, representing a decrease in sales of approximately 22.8%.

End Products

For the period under review, the Group's revenue generated from the End Products amounted to approximately RMB189.7 million (2012: approximately RMB165.5 million) which accounted for approximately 39.0% (2012: approximately 28.2%) of total revenue, representing an increase in sales of approximately 14.7%. As at 30 June 2013, the Group had 20 local sales offices mainly for the promotion of the End Products.

The decrease was due primarily to an increase in offering of more wader and protective garment clothing (which represents the largest share of our End Products business) at a more competitive pricing in the overseas market.

Financial Review

Financial Results

Revenue

The Group's revenue for the six month ended 30 June 2013 was approximately RMB486.5 million, representing a decrease of approximately RMB100.0 million, or 17.1%, compared to revenue of approximately RMB586.5 million for last period. For the period under review, the Group's major sales segments, namely, (1) Reinforced Materials reported revenue of approximately RMB212.9 million (2012: approximately RMB312.4 million); (2) Conventional Materials recorded a revenue of approximately RMB83.9 million (2012: approximately RMB108.7 million); and (3) End Products recorded a revenue of approximately RMB189.7 million (2012: approximately RMB165.4 million).

The overall decrease in revenue was primarily attributable to the decrease in the selling price of certain products and intensifying market competition.

Gross Profit and Gross Margin

Gross profit was approximately RMB71.3 million for the period under review (2012: approximately RMB201.2 million), with the gross profit margin of approximately 14.7% (2012: 34.3%). The reduction in gross margin was mainly due to (i) adverse worldwide economic condition, (ii) higher depreciation cost of the new production facilities for Reinforced Materials and (iii) a decrease in the overall selling price of the Group's products.

The table below sets forth the Group's gross profit margin by products:

	2013 %	2012 %
Reinforced Materials	19.3	39.0
Conventional Materials	9.3	8.8
End Products	11.8	42.2
Overall	14.7	34.3

Selling and Distribution Costs

For the period under review, selling and distribution costs increased by approximately RMB1.9 million or 24.1% to approximately RMB10.0 million, or 2.1% of revenue for the period under review, from approximately RMB8.1 million, or 1.4% of revenue for the last period. The increase in selling and distribution costs was primarily due to the increase in custom declaration amounted to approximately RMB2.7 million (2012: Nil) for the period under review.

Administrative Expenses

For the period under review, administrative expenses decreased by approximately RMB12.5 million or 33.9% to approximately RMB24.4 million, or 5.0% of revenue for the period under review, from approximately RMB37.0 million, or 6.3% of revenue for last period. The decrease in administrative expenses was mainly attributable to a decrease in R&D expenses and staff costs which amounted to approximately RMB10.1 million (2012: approximately RMB17.3 million) and approximately RMB5.4 million (2012: approximately RMB6.6 million), respectively.

Research and Development

For the period under review, R&D costs amounted to approximately RMB10.1 million, or 2.1% of revenue (2012: approximately RMB17.3 million, or 2.9% of revenue). The Group believes that its on-going R&D efforts are critical in maintaining long-term competitiveness, retaining existing customers, enhancing its ability to attract new customers and developing new markets. The Group plans to continue dedicating resources to the R&D activities aiming to lower the cost of raw materials, streamline manufacturing processes, increase production capacities, and develop high value-added new materials.

Finance Costs

Finance costs for the period under review was approximately RMB8.3 million (2012: approximately RMB5.6 million). This equates to approximately 1.7% and approximately 1.0% of revenue for the six months ended 2013 and 2012, respectively. The increase in finance cost for the period under review compared to last period was mainly attributable to increase in bank borrowings.

Interest Income

Interest income amounted to approximately RMB0.5 million for the period under review (2012: approximately RMB0.9 million).

Income Tax

For the period under review, the Group had an overall income tax expense of approximately RMB2.6 million, or 8.8% of pre-tax income compared to the tax expense of approximately RMB26.9 million, or 17.7% of pre-tax income for the same period last year.

Net Income

The Group generated profit attributable to owners of the parent for the period under review of approximately RMB27.0 million, or RMB3.16 cents for basic earnings per share, compared to profit attributable to owners of the parent of approximately RMB125.4 million, or RMB15.13 cents for basic earnings per share for the same period last year. The weighted average number of common shares outstanding was 852,612,470 as at 30 June 2013 (30 June 2012: 828,831,000).

Dividends

The Board did not recommend the payment of any interim dividend for the six months ended 30 June 2013 (2012: Nil).

Liquidity and Financial Resources

Shareholders' Funds

Total shareholders' funds amounted to approximately RMB1,115.5 million as at 30 June 2013, as compared to approximately RMB1,074.7 million as at 31 December 2012, representing an increase of 3.8%.

Financial Position

As at 30 June 2013, the Group had total current asset of approximately RMB889.3 million and total current liabilities of approximately RMB795.3 million, with net current assets of approximately RMB94.0 million. Taking into account the financial support of the controlling shareholder, the Directors are of the view that the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due in the foreseeable future.

As at 30 June 2013, the Group's net gearing, expressed as a percentage of total interest-bearing liabilities to total assets, was at 18.1% as compared to 18.4% as at 31 December 2012.

Cash and Cash Equivalents

As at 30 June 2013, the Group had cash and cash equivalents of approximately RMB54.5 million (31 December 2012: approximately RMB80.1 million), most of which were denominated in Renminbi.

Bank Borrowings

The Group had interest-bearing bank borrowings of approximately RMB365.0 million (31 December 2012: approximately RMB324.5 million) while total banking facilities amounted to approximately RMB723.4 million (31 December 2012: approximately RMB673.4 million).

Capital Expenditure

For the period under review, the Group incurred capital expenditure of approximately RMB155.0 million mainly for the purchase of production facilities including laminating machine which will be delivered to the second phase factory in Fuzhou. All of the capital expenditure for the period under review were financed by the Group's internal resources.

Human Resources

As at 30 June 2013, the Group employed a total of 1,139 employees (31 December 2012: 1,050 employees).

The Group regards human capital as vital for its continuous growth and profitability and remains committed to improving the quality, competence and skills of all employees. The Group provided job related training throughout the organisation. The Group will continue to offer competitive remuneration packages and bonuses to eligible staffs, based on the performance and the individual employee.

PROSPECTS

Over the past two years, the Group has experienced tough and challenging moments, and in upholding the Group's business, a series of measures were implemented to stabilize the development of its business, including repositioning of the products, focusing on the development of new materials business that is in compliance with the national policies (for new materials industry), and actively liaising with customers, in order to restore and rebuild customers' confidence as well as the Group's reputation. During the period, the Group has also committed in strengthening the internal control systems, including the establishment of a centralised supervisory division to review, amongst others, the sales and purchases procedures of each of the members of the Group, so as to regularise the management control system. In addition, relevant divisions were also set up by members of the Group to enhance system management, with an aim to further strengthen its corporate governance.

Owing to the efforts of the management team, the Group was awarded "China Well-known Trademark" (中國馳名商標) by the Trademark Office as well as the Trademark Review and Adjudication Board of the State Administration for Industry and Commerce in 2014. This is yet another national honour accredited to the Group on top of various awards, such as the "Key High-Tech Enterprise of the National Torch Program" (國家火炬計劃重點高新技術企業) and the "National Credible Enterprise" (國家守合同重信用企業). This accreditation did not only acknowledge the excellent product quality and corporate credibility of the Group, but also added to its most attractive fascia.

Looking forward, the Group intends to focus on business development upon its successful resumption. This includes amongst others (i) the development of the Shanghai factory to produce materials for tarpaulins and truck covers, materials for automobiles' windows and membrane for double membrane gas holders as well as plans to increase the plant and equipment in order to achieve the economies of scale; (ii) the development of business in Fuzhou by gradually expanding and developing the production of inflated materials, materials for waterproof trousers, TPU materials, Ethylene vinyl acetate ("EVA") materials and new materials; (iii) the improvement of sales and production strategies, to cut down the number of products with high labour costs and to develop high value-added products related to labour protection; (iv) the establishment overseas sales offices or agents in order to attract more customers from the overseas market. With respect to the products, in spite of consolidating its strength in products such inflatable materials, inflatable boats and materials for waterproof trousers, the Group plans to develop products with high profit margins such as materials for broaden tarpaulins and truck covers, materials for membrane structures and membrane for double membrane gas holders and etc..

Innovative technologies and competent technical team have always been the Group's core competitiveness. As at the end of April 2014, we have developed more than 120 products with various types of patents, and we plan to further cooperate with domestic and overseas technical experts in order to penetrate into the international market.

Compliance with Code on Corporate Governance Practices of the Listing Rules

The Company has complied the principles and complied with the code provisions set out in the Code on Corporate Governance Practices (effective until 31 March 2012) and the Corporate Governance Code (effective from 1 April 2012) (the "Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") during the six months ended 30 June 2013.

Pursuant to Rules 13.48(1) and 13.49(6) of the Listing Rules, the Company is required to dispatch to every shareholder of the Company and other holders of its listed securities its interim report not more than three months and to make announcement for its interim results within two months after the six-month period ended 30 June 2013, respectively. However, due to the observations raised by Ernst & Young, previous auditors of the Company and the subsequent changes in auditor, the Company was unable to dispatch its interim report and to make the interim results announcement for the six months ended 30 June 2013 within the prescribed time limit as set out in the relevant Listing Rules. The Board acknowledges that the delay in the dispatch of the interim report and the announcement of the interim results for the six-month ended 30 June 2013 constitutes non-compliance with Rules 13.48(1) and 13.49(6) respectively.

Compliance with the Model Code for Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the standard for securities transactions by Directors. The Company has made specific enquiries to all the Directors and all the Directors have confirmed their compliance with the required standards set out in the Model Code during the six months ended 30 June 2013.

Purchase, Sale or Redemption of Listed Shares of the Company

Neither the Company nor any of our subsidiaries purchased, sold or redeemed any of the Company's listed shares during the six months ended 30 June 2013.

Audit Committee

The audit committee, comprises three independent non-executive directors of the Company, has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters. The Group's unaudited condensed consolidated interim financial statements for the six months ended 30 June 2013 have been reviewed by the audit committee, who is of the opinion that such accounts have complied with the applicable accounting standards, the Listing Rules and all legal requirements, and that adequate disclosures have been made.

SUSPENSION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended since 14 February 2013 and will remain suspended until further notice.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.sijia.hk>). The interim report containing all the information required by the Listing Rules will be despatched to the shareholders and available on the same websites in due course.

By Order of the Board
Sijia Group Company Limited
Lin Shengxiong
Chairman

Hong Kong, 28 May 2014

As at the date of this announcement, the executive Directors are Mr. Lin Shengxiong, Mr. Zhang Hongwang and Mr. Huang Wanneng, and the independent non-executive Directors are Mr. Chong Chi Wah, Mr. Cai Weican and Mr. Wu Jianhua.