

中國 海景

FIRST QUARTERLY REPORT
2008



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

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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This report, for which the directors (the “Directors”) of Sino Haijing Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

FIRST QUARTER UNAUDITED RESULTS

The board of Directors (the "Board") of the Company is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the three months ended 31 March 2008, together with the comparative unaudited figures for the corresponding period in 2007 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

	<i>Notes</i>	Three months ended 31 March 2008 <i>HK\$'000</i>	Three months ended 31 March 2007 <i>HK\$'000</i>
Turnover	2	68,391	545
Cost of sales		<u>52,280</u>	<u>578</u>
Gross profit/(loss)		16,111	(33)
Other income		1,155	56
Administrative and other operating expenses		<u>(5,602)</u>	<u>(1,776)</u>
Operating profit/(loss)		11,664	(1,753)
Finance costs		<u>(1,493)</u>	<u>(15)</u>
Profit/(loss) before income tax		10,171	(1,768)
Income tax	4	<u>(1,657)</u>	<u>-</u>
Profit/(loss) for the period		<u><u>8,514</u></u>	<u><u>(1,768)</u></u>
Attributable to:			
Equity holders of the Company		8,579	(1,768)
Minority interests		<u>(65)</u>	<u>-</u>
		<u><u>8,514</u></u>	<u><u>(1,768)</u></u>
Dividend	5	-	-
Earnings/(loss) per share			
- Basic	6	3.6 cents	(3) cents
- Diluted		<u>N/A</u>	<u>N/A</u>

Notes:

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated results for the three months ended 31 March 2008 (the "Period") have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations), issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "GEM Listing Rules").

The Group has adopted the following standards that have been issued and effective for the periods beginning on or before 1 January 2008. The adoption of such standards did not have material effect on these financial statements.

HK(IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions	1 March 2007
HK(IFRIC) – Int 12	Service Concession Arrangements	1 January 2008
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2008

The Group's unaudited condensed consolidated quarterly results has not been audited by the Company's auditors but has been reviewed by the Company's Audit Committee.

2. TURNOVER

Turnover for the period ended 31 March 2008 represents revenue recognized from the net invoiced value of goods sold, after allowances for returns and trade discounts. An analysis of the Group's turnover is set out below:

	Three months ended 31 March 2008 HK\$'000 (unaudited)	Three months ended 31 March 2007 HK\$'000 (unaudited)
Sales of goods	68,391	207
IBS solutions and maintenance	–	338
	<u>68,391</u>	<u>545</u>

3. SEGMENT INFORMATION

The Group's principal activities are the production and sale of expandable polystyrenes packaging products and paper honeycomb packaging materials as a single business segment. Most of the Group's assets, liabilities and capital expenditure are located or utilised in the PRC. Accordingly, no segment information is presented.

4. INCOME TAX

No provision for Hong Kong profits tax has been provided as the Group has no assessable profit in Hong Kong. The provision for PRC income tax is calculated based on the statutory income tax rate according to the relevant laws and regulations in the PRC.

5. DIVIDEND

For the three months ended 31 March 2008, the Board does not recommend the payment of a dividend (2007: Nil).

6. EARNINGS/(LOSS) PER SHARE

Earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period:

	Three months ended 31 March 2008 HK\$'000 (unaudited)	Three months ended 31 March 2007 HK\$'000 (unaudited)
Profit/(loss) attributable to equity holders of the Company (HK\$'000)	8,579	(1,768)
Weighted average number of shares in issue (thousands)	238,211	67,500
Profit/(loss) per share		
– Basic	3.6 cents	(3) cents
– Diluted	N/A	N/A

7. RESERVES

Movements of reserves for the three months ended 31 March 2008

	Share Premium HK\$'000	Capital reserves HK\$'000	Retained Statutory surplus reserves HK\$'000	Translation reserves HK\$'000	Investment revaluation reserves HK\$'000	profits/(accumulated losses) HK\$'000	Total HK\$'000
At 1/1/2007	14,664	117	–	–	(140)	(7,794)	6,847
Issue of one rights share for every two existing shares	6,750	–	–	–	–	–	6,750
Placing of new shares	16,605	–	–	–	–	–	16,605
Issuing expenses	(878)	–	–	–	–	–	(878)
Exchange differences arising on translation of a foreign operation	–	–	–	599	–	–	599
Fair value gain on available-for-sale financial assets	–	–	–	–	58	–	58
Reclassified as held for sale	–	–	–	–	82	–	82
Net loss for the year	–	–	–	–	–	(8,107)	(8,107)
At 31/12/2007 and at 1/1/2008	37,141	117	–	599	–	(15,901)	21,956
Issue of consideration shares	121,897	–	–	–	–	–	121,897
Issuing expenses	(3,643)	–	–	–	–	–	(3,643)
Exchange differences arising on translation of a foreign operation	–	–	–	556	–	–	556
Acquisition of subsidiaries	–	–	3,752	115	–	–	3,867
Profit for the period	–	–	–	–	–	8,579	8,579
At 31/3/2008	155,395	117	3,752	1,270	–	(7,322)	153,212

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the three months ended 31 March 2008, the Group recorded a turnover of approximately HK\$68.39 million, representing an increase of approximately 12,335% as compared to approximately HK\$0.55 million for the corresponding period in 2007. Profit attributable to equity holders of the Company for the three months ended 31 March 2008 was approximately HK\$8.58 million as compared to loss attributable to equity holders of the Company of approximately HK\$1.77 million for the corresponding period in 2007.

BUSINESS REVIEW

The Group mainly focuses on the production and sale of expandable polystyrene ("EPS") and paper honeycomb packaging products. The Group is in a leading position in the EPS cushion packaging industry for electrical appliances in the PRC. The Group provides excellent integrated packaging solutions to its customers that including design, research and development, testing and manufacturing of packaging products.

During the period under review, the substantial increase in Group's turnover and profit attributable to equity holders of the Company as compared to the corresponding period in 2007 was due to the Group acquired two EPS packaging businesses in January 2008. The Acquired packaging businesses provide a good mix of cushion packaging solutions. They comprise of companies with sound track record of manufacturing and sales of EPS and paper honeycomb packaging materials, as well as companies providing design and mould production services. The Acquired EPS packaging businesses have contributed substantial profit to the Group for the three month ended 31 March 2008

BUSINESS OUTLOOK

Driven by China's strong economic growth and improving of living standards, the demand of electrical products has been increasing. Growing demand for electrical products is supported by strong domestic consumption and digital transformation. The urbanization boom in China will continuously increase the demand of electrical products from rural areas. Moreover, the PRC is moving swiftly towards digitalization in television broadcasting, hence, the demand for the high definition television and flat panel television will be increased. The environmental concern will increase the demand for energy saving air-conditioners and refrigerators.

The cushion packaging materials are an inseparable part of packaging services required in the transportation of electrical products. Among the cushion packaging materials, EPS packaging materials are by far the most widely used and have a high market share in the cushion packaging material market. With the Group's established business connections with many famous electrical appliance manufacturers in the PRC and due to interdependence of electrical appliance manufacturers and packaging solution providers, the Group is optimistic on the business prospects and future growth of the EPS packaging industry.

Meanwhile, the Group expects the continuous rise in operation costs such as coal, water, labour costs and interest rate will also present different challenges to the Group's operation. The Group will continue enhance its product design and production expertise and strengthen its operational efficiency so as to maintain its competitive edge.

DISCLOSURE OF DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN THE SECURITIES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS

As at 31 March 2008, the interests or short positions of the Directors and the chief executives 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) ("SFO"), which will have to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have taken under such provision of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

(a) Long positions in the shares of the Company

Name of Director	Type of interests	Number of Shares held	Approximate percentage of shareholding
Mr. Chao Pang Fei ("Mr. Chao")	Interest of a controlled corporation	172,599,005 (Note)	71.27%
	Beneficial interest	9,030,000	3.72%

Note:

These shares are legally owned by Haijing Holdings Limited ("Haijing"), 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, Mr. Chao is taken to be interested in all the shares of the Company held by Haijing pursuant to Part XV of the SFO.

(b) Short positions in the shares and underlying shares of equity derivatives of the Company

Save as disclosed herein, as at 31 March 2008, none of the Directors or chief executives of the Company has short positions in the shares, underlying shares of equity derivatives of the Company or any of its associated corporations.

PERSONS WHO HAVE AN INTEREST OR A SHORT POSITION WHICH IS DISCLOSEABLE UNDER DIVISIONS 2 AND 3 OF PART XV OF THE SFO AND SUBSTANTIAL SHAREHOLDING

So far as is known to any Director or chief executive of the Company, as at 31 March 2008, persons (not being a Director or chief executive of the Company) who have an interest or a short position in the shares or underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or be interested in, directly or indirectly, 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any member of the Group were as follows:

(a) Long positions in the shares of the Company

Name	Type of interests	Number of shares	Approximate percentage of interests
Haijing (Note 1)	Beneficial owner	172,599,005	71.27%
Ms. Sam Mei Wa (Note 2)	Interest of spouse	181,629,005	74.99%

Notes:

- Haijing is a company incorporated in the BVI and is wholly owned by Mr. Chao. Mr. Chao is also the sole director of Haijing.
- Ms. Sam Mei Wa is the spouse of Mr. Chao Pang Fei, hence Ms. Sam is taken to be interested in all the Shares held or deemed to be held by Mr. Chao pursuant to the SFO.

(b) Short positions in the shares and underlying shares of equity derivatives of the Company

So far as the Directors are aware, save as disclosed herein, no persons have short position in the shares or underlying shares of equity derivatives of the Company.

COMPETING INTERESTS

As at 31 March 2008, none of the Directors or management shareholders (as defined in GEM Listing Rules) of the Company or their respective associates had interests in a business which competed or was likely to compete, either directly or indirectly, with the business of the Company.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all directors of the Company, all Directors confirm that they complied with such code of conduct throughout the three months ended 31 March 2008.

PURCHASE, DISPOSAL OR REDEMPTION OF SECURITIES

During the three months ended 31 March 2008, neither the Company, nor any of its subsidiaries purchased, disposed of or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

In accordance with the requirements of the GEM 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, Sammy, Mr. Cheng Yun Ming, Matthew and Mr. Sin Ka Man.

The Group's unaudited condensed consolidated results for the three months ended 31 March 2008 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
SINO HAIJING HOLDINGS LIMITED
CHAO PANG FEI
Chairman

Hong Kong, 5 May 2008

As at the date of this report, Mr. Chao Pang Fei, Mr. Wang Yi and Ms. Hui Hongyan are the executive Directors and Mr. Lan Yu Ping is the non-executive Director and Mr. Ho Ka Wing, Sammy, Mr. Cheng Yun Ming, Matthew and Mr. Sin Ka Man are the independent non-executive Directors.