



SINO HAIJING HOLDINGS LIMITED

中國海景控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 8065)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2009

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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed in the Stock Exchange. 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.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This announcement, 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 announcement 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 announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

FIRST QUARTERLY 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 2009, together with the comparative unaudited figures for the corresponding period in 2008 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

| | <i>Notes</i> | Three months ended 31 March 2009 HK\$'000 | Three months ended 31 March 2008 HK\$'000 |
|---|--------------|--|--|
| Turnover | 2 | 79,515 | 68,391 |
| Cost of sales | | <u>(69,070)</u> | <u>(52,280)</u> |
| Gross profit | | 10,445 | 16,111 |
| Other income | | 1,221 | 1,155 |
| Administrative and other operating expenses | | <u>(7,882)</u> | <u>(5,602)</u> |
| Operating profit | | 3,784 | 11,664 |
| Finance costs | | <u>(1,357)</u> | <u>(1,493)</u> |
| Profit before taxation | | 2,427 | 10,171 |
| Income tax | 4 | <u>(679)</u> | <u>(1,657)</u> |
| Profit for the period | | <u>1,748</u> | <u>8,514</u> |
| Attributable to: | | | |
| Equity shareholders of the Company | | 1,386 | 8,579 |
| Minority interests | | <u>362</u> | <u>(65)</u> |
| | | <u>1,748</u> | <u>8,514</u> |
| Dividends | 5 | <u>–</u> | <u>–</u> |
| Earnings per share – Basic and Diluted | 6 | <u>0.6 cents</u> | <u>3.6 cents</u> |

Notes:

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated results for the three months ended 31 March 2009 (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 2009. The adoption of such standards did not have material effect on these financial statements.

| | |
|--------------------------------|--|
| HKFRSs (Amendments) | Improvements to HKFRSs ¹ |
| HKAS 1 (Revised) | Presentation of Financial Statements ² |
| HKAS 23 (Revised) | Borrowing Costs ² |
| HKAS 32 & 1 (Amendments) | Puttable Financial Instruments and Obligations Arising on Liquidation ² |
| HKFRS 1 & HKAS 27 (Amendments) | Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate ² |
| HKFRS 2 (Amendment) | Vesting Conditions and Cancellations ² |
| HKFRS 8 | Operating Segments ² |
| HK(IFRIC)-Int 13 | Customer Loyalty Programmes ³ |
| HK(IFRIC)-Int 15 | Agreements for the Construction of Real Estate ² |
| HK(IFRIC)-Int 16 | Hedges of a Net Investment in a Foreign Operation ⁴ |

¹ *Effective for annual periods beginning on or after 1 January 2009 except for the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009*

² *Effective for annual periods beginning on or after 1 January 2009*

³ *Effective for annual periods beginning on or after 1 July 2008*

⁴ *Effective for annual periods beginning on or after 1 October 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 2009 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 2009 HK\$’000 (unaudited) | Three months ended 31 March 2008 HK\$’000 (unaudited) |
|----------------|--|---|
| Sales of goods | <u>79,515</u> | <u>68,391</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 2009, the Board does not recommend the payment of a dividend (2008: Nil).

6. EARNINGS PER SHARE

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

| | Three months ended 31 March 2009 HK\$'000 (unaudited) | Three months ended 31 March 2008 HK\$'000 (unaudited) |
|---|--|---|
| Profit attributable to equity shareholders of the Company (HK\$'000) | <u><u>1,386</u></u> | <u><u>8,579</u></u> |
| Weighted average number of shares in issue (thousands) | <u><u>242,190</u></u> | <u><u>238,211</u></u> |
| Profit per share – Basic and Diluted | <u><u>0.6 cents</u></u> | <u><u>3.6 cents</u></u> |

7. RESERVES

Movements of reserves for the three months ended 31 March 2009

| | Attributable to equity shareholders of the Company | | | | | | | | Total Equity HK\$'000 |
|---|--|------------------------------|--------------------------------|---|------------------------------------|---|-------------------|-----------------------------------|-----------------------------|
| | Issued capital HK\$'000 | Share Premium HK\$'000 | Capital reserve HK\$'000 | Statutory surplus reserve HK\$'000 | Translation reserve HK\$'000 | Retained profits/ losses) HK\$'000 | Total HK\$'000 | Minority interests HK\$'000 | |
| At 1/1/2008 | 12,150 | 37,141 | 117 | - | 599 | (15,901) | 34,106 | - | 34,106 |
| Shares issued for acquisition of subsidiaries | 12,069 | 120,690 | - | - | - | - | 132,759 | - | 132,759 |
| Issuing expenses | - | (3,908) | - | - | - | - | (3,908) | - | (3,908) |
| Exchange differences arising on translation of foreign operations | - | - | - | - | 12,356 | - | 12,356 | 236 | 12,592 |
| Acquisition of subsidiaries | - | - | - | - | - | - | - | 1,891 | 1,891 |
| Additional capital injection by a minority shareholder | - | - | - | - | - | - | - | 10,460 | 10,460 |
| Profit for the year | - | - | - | - | - | 34,793 | 34,793 | 1,532 | 36,325 |
| Transfer | - | - | - | 5,957 | - | (5,957) | - | - | - |
| At 31/12/2008 and 1/1/2009 | 24,219 | 153,923 | 117 | 5,957 | 12,955 | 12,935 | 210,106 | 14,119 | 224,225 |
| Exchange differences arising on translation of foreign operations | - | - | - | - | (240) | - | (240) | (22) | (262) |
| Profit for the period | - | - | - | - | - | 1,386 | 1,386 | 362 | 1,748 |
| At 31/3/2009 | <u>24,219</u> | <u>153,923</u> | <u>117</u> | <u>5,957</u> | <u>12,715</u> | <u>14,321</u> | <u>211,252</u> | <u>14,459</u> | <u>225,711</u> |

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the three months ended 31 March 2009, the Group recorded a turnover of approximately HK\$79.52 million, representing an increase of approximately 16.3% as compared with approximately HK\$68.39 million for the corresponding period in 2008. Profit attributable to equity shareholders of the Company for the three months ended 31 March 2009 was approximately HK\$1.39 million, representing a decrease of approximately 83.8% as compared with approximately HK\$8.58 million for the corresponding period in 2008.

BUSINESS REVIEW

During the period under review, the global financial crisis resulted in a tremendous global economic downturn. The slowdown for the demand for the EPS cushion packaging products for household electrical appliances has caused a fall in prices of the Group's products and directly affected the profit margin and operating results of the Group.

BUSINESS OUTLOOK

In facing such a severe economic environment, the Group's core strategy is "to broaden the sources of income, reduce the operating costs and team building".

Broaden the sources of income

The Group will consolidate the existing businesses and develop the new markets positively. The Group's capabilities to design, develop, test and manufacture of cushion packaging products for its customers make the Group have a very strong competitive edge to establish the new markets. 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.

The Group will consolidate the existing businesses and develop the new businesses positively. EPS is widely used in the heat preservation wall of building materials as EPS has good heat insulation characteristic. The Group will further develop its business into the building materials market so as to diversify its businesses.

Cost Control

The Group will strengthen the internal management, simplify and improve the workflow and procedures so as to smooth the operation. The Group will enhance the mechanization of its equipment through technology upgrades and strengthen the operating skill of the staff in order to increase the overall productivity. Meanwhile the Group will continue to provide high quality products and services to its customers and the Group believes that providing stable and high quality products is the fundamental element of an enterprise, therefore the Group will provide products that conform the customer needs.

Team Building

The Group insists on the corporate vision of a “people-oriented” strategy and strongly believes that only having outstanding human resources can enhance the overall competitiveness and cohesive spirit. The Group provides continuous training and offers career advancement to its staff so as to increase the staff’s managerial knowledge and operating skill and will retain the key human resources for the future development of the Group.

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

As at 31 March 2009, 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 2009, 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 2009, 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 (<i>Note 1</i>) | Beneficial owner | 172,599,005 | 71.27% |
| Ms. Sam Mei Wa (<i>Note 2</i>) | Interest of spouse | 181,629,005 | 74.99% |

Notes:

1. Haijing is a company incorporated in the BVI and is wholly owned by Mr. Chao. Mr. Chao is also the sole director of Haijing.
2. 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 2009, 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 2009.

PURCHASE, DISPOSAL OR REDEMPTION OF SECURITIES

During the three months ended 31 March 2009, 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 2009 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, 8 May 2009

As at the date of this announcement, 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.

This announcement will remain on the website of GEM (www.hkgem.com) on the "Latest Company Announcement" page for at least 7 days from the date of its posting and on the website of the Company at www.sinohaijing.com.