



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 on the Stock Exchange. Perspective 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 characteristic 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 given that there will be a liquid market in the securities traded on GEM.

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This report, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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 aspects 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.

This report, in both English and Chinese versions, is available on the Company’s website at www.sinohaijing.com (the “Company Website”).

Shareholders who have chosen or have been deemed consented to receive the corporate communications of the Company (the “Corporate Communications”) via the Company Website and who for any reason have difficulty in receiving or gaining access to this report posted on the Company Website will promptly upon request be sent this report in printed form free of charge.

Shareholders may at any time change their choice of the means of receipt (either in printed form or via the Company Website) and/or language(s) (either English only or Chinese only or both languages) of Corporate Communications.

Shareholders may send their request to receive this report in printed form, and/or to change their choice of the means of receipt and/or language(s) of Corporate Communications by notice in writing to the Hong Kong Share Registrar of the Company, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong or by sending an email to the Hong Kong Share Registrar of the Company at is-ecom@hk.tricorglobal.com.



THIRD QUARTERLY RESULTS

The board of Directors (the "Board") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the "Group") for the three months and nine months ended 30 September 2009, together with comparative unaudited figures for the corresponding period in 2008 as follows:-

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Nine months ended 30 September		Three months ended 30 September	
		2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Turnover	2	272,040	246,272	98,989	86,534
Cost of sales		(227,851)	(188,926)	(81,717)	(67,438)
Gross profit		44,189	57,346	17,272	19,096
Other income		2,488	3,163	254	1,092
Administrative and other operating expenses		(27,638)	(21,479)	(9,191)	(6,975)
Operating profit		19,039	39,030	8,335	13,213
Finance costs		(4,182)	(5,522)	(1,536)	(1,921)
Profit before taxation		14,857	33,508	6,799	11,292
Income tax	4	(3,646)	(6,001)	(1,703)	(1,980)
Profit the period		11,211	27,507	5,096	9,312
Attributable to:					
Equity shareholders of the Company		10,053	26,611	4,724	8,632
Minority interests		1,158	896	372	680
		11,211	27,507	5,096	9,312
Dividend	5	-	-	-	-
Earnings per share					
- Basic and diluted	6	4.15 cents	11.05 cents	1.95 cents	3.58 cents



Notes:

1. BASIS OF PREPARATION

The Group's unaudited condensed consolidated results for the nine months ended 30 September 2009 have been prepared in accordance with the applicable disclosure requirements set out in Chapter 18 of the GEM Listing Rules and Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

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 years 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 third quarterly results were consistent with those applied for the financial statements of the Group for the year ended 31 December 2008.

The condensed consolidated third quarterly results have not been audited by the Company's auditors, but have been reviewed by the Company's audit committee.

2. TURNOVER

Turnover for the period ended 30 September 2009 and 2008 represented 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:–

	Nine months ended 30 September		Three months ended 30 September	
	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)
Sales of goods	<u>272,040</u>	<u>246,272</u>	<u>98,989</u>	<u>86,534</u>

3. SEGMENT INFORMATION

The Group's principal activities are the production and sales of expandable polystyrene 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 utilized 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 nine months ended 30 September 2009, the Board does not recommend the payment of a dividend (2008: Nil).

6. EARNINGS PER SHARE

Earnings per share are 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:

	Nine months ended 30 September		Three months ended 30 September	
	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)
Profit attributable to equity shareholders of the Company (HK\$'000)	<u>10,053</u>	<u>26,611</u>	<u>4,724</u>	<u>8,632</u>
Weighted average number of shares in issue (thousands)	<u>242,190</u>	<u>240,868</u>	<u>242,190</u>	<u>240,868</u>
Earnings per share – Basic and diluted	<u>4.15 cents</u>	<u>11.05 cents</u>	<u>1.95 cents</u>	<u>3.58 cents</u>

7. RESERVES

Movements of reserves for the nine months ended September 2009

	Issued Capital HK\$000	Share Premium HK\$000	Capital reserve HK\$'000	Statutory surplus reserve HK\$'000	Translation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1/1/2008	12,150	37,141	117	-	599	(15,901)	34,106
Share issued for the acquisition of subsidiaries	12,069	120,690	-	-	-	-	132,759
Issuing expenses	-	(3,908)	-	-	-	-	(3,908)
Exchange differences arising on translation of foreign operations	-	-	-	-	12,356	-	12,356
Acquisition of subsidiaries	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	34,793	34,793
Transfer	-	-	-	5,957	-	(5,957)	-
At 31/12/2008 and 1/1/2009	<u>24,219</u>	<u>153,923</u>	<u>117</u>	<u>5,957</u>	<u>12,955</u>	<u>12,935</u>	<u>210,106</u>
Exchange differences arising on translation of foreign operations	-	-	-	-	7	-	7
Profit for the period	-	-	-	-	-	10,053	10,053
At 30/9/2009	<u>24,219</u>	<u>153,923</u>	<u>117</u>	<u>5,957</u>	<u>12,962</u>	<u>22,988</u>	<u>220,166</u>



MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For the nine months ended 30 September 2009, the Group recorded a turnover of approximately HK\$272.04million, representing an increase of approximately 10.46% as compared with approximately HK\$246.27 million for the corresponding period in 2008. Profit attributable to equity shareholders of the Company for the nine months ended 30 September 2009 was approximately HK\$10.05 million, representing a decrease of approximately 62.23% as compared with approximately HK\$26.61 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 home appliances has caused a fall in prices of the Group's products and directly affected the profit margin and operating results of the Group.

On the other hand, the "Rural Area Subsidized Electrical Appliances Purchase Policy" and the "Home Appliances Replacement Policy" implemented by the PRC Government stimulated the demand of home appliances whereas the Group's effective "to broaden the sources of income, reduce the operating cost" measures stabilized the profit of the Group for the third quarter of 2009. The profit attributable to equity shareholders of the Company for the third quarter of 2009 was approximately HK\$4.72 million as compared with the profit attributable to equity shareholders of the Company for the second and first quarter of 2009 were approximately HK\$3.94 million and HK\$1.39 million respectively, showing a significant profit improvement.

Business Outlook

The Group believes that the implementation of the "Rural Area Subsidized Electrical Appliance Purchase Policy", the "Home Appliances Replacement Policy" and the "Promotion of Energy Efficient Appliances" by the PRC government will strongly stimulate the expenditure on the household electrical appliances market and bring a positive effect to the Group.

The Group's continuing 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 marketing strategies 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 increase operational efficiency and to maintain healthy financial position. 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.

The Group will strengthen the inventory management and continue to keep its inventory at reasonably low level in order to enhance profitability.

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 fair and just 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 30 September 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	Types of interests	Number of shares held	Approximate % 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 30 September 2009, none of 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 DIVISION 2 AND 3 OF PART XV OF THE SFO AND SUBSTANTIAL SHARHOLDING

So far as is known to and Director of chief executive of the Company, as at 30 September 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 positions 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	Types of interests	Number of shares	Approximate % of interest
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 30 September 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 nine months ended 30 September 2009.

PURCHASE, DISPOSAL OR REDEMPTION OF SECURITIES

During the nine months ended 30 September 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 requirement 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, Mr. Cheng Yun Ming, Matthew and Mr. Sin Ka Man.

The Group's unaudited condensed consolidated third quarterly results for the nine months ended 30 September 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 of
Sino Haijing Holdings Limited
Chao Pang Fei
Chairman

Hong Kong, 30 October 2009

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