



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

(Stock Code on Main Board: 1106)
(Stock Code on GEM: 8065)

FIRST QUARTERLY REPORT **2011**

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.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the Directors of 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 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 the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

This report is published on the “Listed/Company Information” page of the Stock Exchange website at <http://www.hkexnews.hk> and on the website of the Company at <http://www.sinohaijing.com>.

UNAUDITED FIRST QUARTERLY 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 2011, together with comparative unaudited figures for the corresponding period in 2010 as follows:

UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Note	Three months ended 31 March 2011 HK\$'000	Three months ended 31 March 2010 HK\$'000
Turnover	2	115,028	116,586
Cost of sales		(95,528)	(96,247)
Gross profit		19,500	20,339
Other revenue and other income		2,949	724
Administrative and other operating expenses		(12,964)	(11,846)
Profit from operations		9,485	9,217
Finance costs		(2,017)	(1,509)
Profit before tax		7,468	7,708
Income tax expense	4	(1,790)	(2,403)
Profit for the period		5,678	5,305
Other comprehensive income:			
Exchange differences arising on translation of foreign operations		2,531	353
Total comprehensive income for the period		8,209	5,658
Profit attributable to:			
Equity holders of the Company		5,035	5,050
Non-controlling interests		643	255
		5,678	5,305
Total comprehensive income attributable to:			
Equity holders of the Company		7,466	5,381
Non-controlling interests		743	277
		8,209	5,658
Earnings per share	6		
– Basic		HK0.83 cents	HK1.05 cents
– Diluted		HK0.83 cents	HK1.05 cents

Notes:

1. BASIS OF PREPARATION

The Group's unaudited condensed consolidated results for the three months ended 31 March 2011 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 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 first quarterly results were consistent with those applied for the financial statements of the Group for the year ended 31 December 2010.

The condensed consolidated first quarterly 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. 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.

5. DIVIDEND

The Board does not recommend the payment of a dividend for the three months ended 31 March 2011 (31 March 2010: Nil).

6. EARNINGS PER SHARE

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

	Three months ended 31 March 2011 HK\$'000	Three months ended 31 March 2010 HK\$'000
Profit:		
Profit for the period attributable to ordinary equity holders of the Company	<u>5,035</u>	<u>5,050</u>

	Three months ended 31 March 2011 '000	Three months ended 31 March 2010 '000
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	604,840	484,380
Add: Effect of deemed issue of shares under the Company's share option scheme	4,209	1,340
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	609,049	485,720

7. SHARE CAPITAL, SHARE PREMIUM AND RESERVES

	Attributable to equity holders of the Company							Sub-total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share Premium HK\$'000	Capital reserve HK\$'000	Share options reserve HK\$'000	Statutory surplus reserves HK\$'000	Translation reserve HK\$'000	Retained Profits HK\$'000			
At 1/1/2010	24,219	153,923	117	1,596	10,104	12,938	23,390	226,287	15,493	241,780
Interim dividend to non-controlling interests	-	-	-	-	-	-	-	-	(1,801)	(1,801)
Profit for the year	-	-	-	-	-	-	30,828	30,828	2,062	32,890
Transfer	-	-	-	-	2,752	-	(2,752)	-	-	-
Other comprehensive income for the year										
Exchange difference arising from translation of foreign operations	-	-	-	-	-	9,329	-	9,329	615	9,944
Transactions with equity holders of the Company recognised directly in equity										
Equity settled share-based transactions	-	-	-	898	-	-	-	898	-	898
Exercise of share options	1,180	5,198	-	(1,424)	-	-	-	4,954	-	4,954
Interim dividend to equity holders	-	(5,000)	-	-	-	-	(15,318)	(20,318)	-	(20,318)
Lapse of share options	-	-	-	(55)	-	-	-	(55)	-	(55)
Subscription of new shares, net of expenses	4,843	77,519	-	-	-	-	-	82,362	-	82,362
At 31/12/2010 and 1/1/2011	30,242	231,640	117	1,015	12,856	22,267	36,148	334,285	16,369	350,654
Profit for the period	-	-	-	-	-	-	5,035	5,035	643	5,678
Other comprehensive income for the period										
Exchange difference arising from translation of foreign operations	-	-	-	-	-	2,431	-	2,431	100	2,531
Transactions with equity holders of the Company recognised directly in equity										
Lapse of share options	-	-	-	(51)	-	-	-	(51)	-	(51)
At 31/3/2011	<u>30,242</u>	<u>231,640</u>	<u>117</u>	<u>964</u>	<u>12,856</u>	<u>24,698</u>	<u>41,183</u>	<u>341,700</u>	<u>17,112</u>	<u>358,812</u>

DIVIDEND

The Board does not recommend the payment of a dividend for the three months ended 31 March 2011.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For the three months ended 31 March 2011, the Group recorded a turnover of approximately HK\$115.03 million, representing a decrease of approximately 1.34% as compared to approximately HK\$116.59 million for the corresponding period in 2010. Profit attributable to equity holders of the Company for the three months ended 31 March 2011 was approximately HK\$5.04 million, representing a decrease of approximately 0.30% as compared to approximately HK\$5.05 million for the corresponding period in 2010.

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 market leading position in the cushion packaging industry for household electrical appliances in the PRC. The Group provides excellent integrated packaging solutions to its customers, including design, development, testing and production of cushion packaging products. The Group has well-established business networks including renowned electrical appliance manufacturers in the PRC. The Group has production facilities in Qingdao, Hefei and Dalian.

2011 is an important milestone of the Group’s business development. Ever since the Group acquired two excellent EPS packaging businesses in January 2008 and the efforts of the management and staff in the past three years as well as the continued support of the customers and suppliers, the Group has achieved the profit requirement for the transfer for listing from the Growth Enterprise Market (“GEM”) to the Main board. An application was made by the Company to the Stock Exchange for the transfer of issued shares of the Company from the GEM to the Main board. The approval-in-principle has been granted by Stock Exchange on 29 April 2011 for the shares of the Company to be listed on the Main Board and de-listed from GEM. Dealings in the shares of the Company on the Main Board (Stock code: 1106) will commence on at 9:00 a.m. on Thursday, 12 May 2011.

During the period under review, the support of “Rural Area Subsidized Electrical Appliances Purchase Policy”, “Home Appliances Replacement Policy” and “Energy Efficient Product Subsidy Policy” implemented by the PRC government resulted in the stable development of the business of the Group.

Business Outlook

In 2011, the continuous implementation of domestic stimulus policies such as “Rural Area Subsidized Electrical Appliances Purchase Policy” and the “Subsidy for Energy Efficient Appliances” and the rapid instigation of the “Home Appliances Replacement Policy” throughout the country creating a favourable environment for the Group’s business growth, the Group is cautious but optimistic for the operation in 2011. In 2011, the Group’s core strategies are “to expand production capacity, optimize product structures, develop new businesses, strengthen internal management and team building”.

Expand Production Capacity

To facilitate the development of growing business, the Group is actively considering to construct a new production plant in Qingdao. With the establishment of new production plant, the Group will increase the production capacity and provide better services to its customers located in Qingdao and enhance the Group’s future profitability.

Optimize Product Structures

In addition to consolidating the existing household electrical appliance packaging business, the Group will continue to optimize its product structures so as to boost sales value.

Develop New Businesses

In addition to consolidating the existing household electrical appliance packaging business, the Group has achieved initial success in developing the automotive packaging business. In January 2011, the Group has established a joint venture company in Jinan City, Shangdong Province of the PRC. The joint venture company provides integrated packaging solutions for export of automotive to its customers, including design, development, testing and production of cushion packaging products for the export of automotive.

During 2010, a subsidiary of the Group was successfully certified by International Safe Transit Association "ISTA", representing the laboratory test results made by that subsidiary meets the test standard of ISTA and can win global credibility recognition. It laid a good foundation for the automotive packaging business.

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.

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.

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

As at 31 March 2011, 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	Personal interests	Corporate interest	Number of underlying shares held under equity derivatives	Approximate % of issued share capital	
				Total	
Mr. Chao Pang Fei ("Mr. Chao")	18,060,000	345,198,010 (Note 1)	-	363,258,010	60.06
Mr. Wang Yi	-	-	4,000,000 (Note 2)	4,000,000	0.66
Ms. Hui Hongyan	-	-	2,336,000 (Note 2)	2,336,000	0.39
Mr. Deng Chuangping	420,000	-	2,880,000 (Note 2)	3,300,000	0.55

Notes:

- 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.
- These interests represented the interest in underlying shares in respect of share options granted by the Company to these directors as beneficial owners.

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

Save as disclosed herein, as at 31 March 2011, 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 SHAREHOLDING

So far as was known to the Director or chief executive of the Company, as at 31 March 2011, 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 of Substantial shareholders	Types of interests	Number of shares	Approximate % of issued share capital
Haijing Holdings	Beneficial owner	345,198,010	57.07
Ms. Sam Mei Wa (Note)	Interest of spouse	363,258,010	60.06

Note:

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 2011, 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 2011.

PURCHASE, DISPOSAL OR REDEMPTION OF SECURITIES

During the three months ended 31 March 2011, 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. Sin Ka Man and Mr. Chen Hongfang.

The Group's unaudited condensed consolidated first quarterly results for the three months ended 31 March 2011 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, 9 May 2011

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. Deng Chuangping (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).