SINO HAIJING HOLDINGS LIMITED
中國海景控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1106)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

FINAL RESULTS

The board of Directors (the "Board") of the Company herein present the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2011 together with the comparative audited figures for the corresponding year in 2010 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2011

	Note	**2011 HK$'000**	2010 HK$'000
Turnover	3	**520,067**	514,262
Cost of sales		**(448,046)**	(420,918)
Gross profit		**72,021**	93,344
Other revenue and other income	5	**8,312**	6,857
Administrative and other operating expenses		**(85,305)**	(49,578)
(Loss) Profit from operations		**(4,972)**	50,623
Finance costs	6(a)	**(9,305)**	(7,139)
(Loss) Profit before tax	6	**(14,277)**	43,484
Income tax expense	7	**(4,826)**	(10,594)
(Loss) Profit for the year		**(19,103)**	32,890
Other comprehensive income:			
Exchange differences arising on translation of foreign operations		**14,285**	9,944
Total comprehensive (loss) income for the year		**(4,818)**	42,834

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2011 (Continued)

(Loss) Profit attributable to:			
Equity holders of the Company		**(19,636)**	30,828
Non-controlling interests		**533**	2,062
		(19,103)	32,890
Total comprehensive (loss) income attributable to:			
Equity holders of the Company		**(6,061)**	40,157
Non-controlling interests		**1,243**	2,677
		(4,818)	42,834
			(Restated)
(Loss) Earnings per share	9		
- Basic		**(HK$ 1.62 cents)**	HK$ 3.12 cents
- Diluted		**(HK$ 1.59 cents)**	HK$ 3.04 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2011

	Note	**31 December 2011 HK$'000**	31 December 2010 HK$'000
Non-current assets			
Property, plant and equipment		**126,039**	118,832
Lease premium for land		**25,934**	25,374
Goodwill		**44,127**	70,186
		196,100	214,392
Current assets			
Financial assets at fair value through profit or loss		**5,576**	38
Inventories		**20,624**	16,788
Lease premium for land		**576**	551
Trade and other receivables	10	**318,958**	230,193
Tax recoverable		**963**	-
Pledged bank deposits		**76,406**	-
Bank balances and cash		**34,418**	95,923
		457,521	343,493
Current liabilities			
Trade and other payables	11	**125,967**	114,855
Bank and other borrowings		**180,896**	87,527
Current tax payable		**-**	2,131
		306,863	204,513
Net current assets		**150,658**	138,980
Total assets less current liabilities		**346,758**	353,372
Non-current liabilities			
Deferred tax liabilities		**2,776**	2,718
NET ASSETS		**343,982**	350,654
Capital and reserves			
Share capital		**30,242**	30,242
Reserves		**298,867**	304,043
Equity attributable to equity holders of the Company		**329,109**	334,285
Non-controlling interests		**14,873**	16,369
TOTAL EQUITY		**343,982**	350,654

Notes:

1 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"), which collective term includes all applicable individual HKFRS, Hong Kong Accounting Standards ("HKAS") 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 the Hong Kong Companies Ordinance. These consolidated financial statements also complied with the applicable disclosure provisions of the Rules Governing The Listing of Securities on the Stock Exchange (the "Listing Rules").

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2010 consolidated financial statements, except for the adoption of the following new / revised HKFRS that are relevant to the Group effective from the current year. A summary of the principal accounting policies adopted by the Group is set out below.

HKAS 24 (Revised) - *Related Party Disclosures*
HKAS 24 was revised to include a new definition of related party and to provide a partial exemption from the disclosure requirements in relation to related party transactions and outstanding balances, including commitments, with:

(a) a government that has control, joint control or significant influence over the reporting entity;
(b) another entity that is a related party because the same government has control, joint control or significant influence over both the reporting entity and the other entity.

The Group adopted the new definition in its accounting policies but such adoption does not have an effect on the disclosures made in the consolidated financial statements.

Improvements to HKFRSs 2010 - *Improvements to HKFRSs 2010*
The improvements comprise a number of improvements to HKFRSs including the following that are considered to be relevant to the Group:

Amendments to HKFRS 3 (Revised) *Business Combinations*
The Amendments clarify the transitional requirements for contingent consideration from a business combination that occurred before the effective date of HKFRS 3 (Revised) and specify that the application guidance in HKFRS 3 (Revised) applies to all unexpired share-based payment awards that form part of a business combination, regardless of whether the acquirer is obliged to replace the award. They also clarify that only the entity with present ownership instruments that entitle their holders to a pro rata share of the entity's net assets in the event of liquidation can choose to measure the non-controlling interests at fair value or the non-controlling interests' proportionate share of the acquiree's identifiable net assets.

Amendments to HKAS 1 (Revised): *Presentation of Financial Statements: Clarification of statement of changes in equity*

The Amendments clarify that the reconciliation of each component of other comprehensive income may be presented either in the statement of changes in equity or in the notes to the financial statements. The Group elects to present the reconciliation of each component of other comprehensive income in the statement of changes in equity.

Other than those specified above, the adoption of the above amendments does not have an effect on the financial statements.

2 FUTURE CHANGES IN HKFRS

At the date of authorisation of these consolidated financial statements, the HKICPA has issued the following new / revised HKFRSs that are not yet effective for the current year, which the Group has not early adopted.

Amendments to HKFRS 1 (Revised)	*Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters* [1]
Amendments to HKFRS 7	*Disclosures – Transfer of Financial Assets* [1]
Amendments to HKAS 12	*Deferred Tax: Recovery of Underlying Assets* [2]
Amendments to HKAS 1 (Revised)	*Presentation of items of other comprehensive income* [3]
HKAS 19 (2011)	*Employee Benefits* [4]
HKAS 27 (2011)	*Separate Financial Statements* [4]
HKAS 28 (2011)	*Investments in Associates and Joint Ventures* [4]
HKFRS 9	*Financial Instruments* [4]
HKFRS 10	*Consolidated financial statements* [4]
HKFRS 11	*Joint Arrangements* [4]
HKFRS 12	*Disclosures of Interests with Other Entities* [4]
HKFRS 13	*Fair value measurement* [4]
HK (IFRIC) – Int 20	*Stripping Costs in the Production Phase of A Surface Mine* [4]
Amendments to HKFRS 7	*Disclosure – Offsetting Financial Assets and Financial Liabilities* [4]
Amendments to HKAS 32	*Presentation – Offsetting Financial Assets and Financial Liabilities* [5]
HKFRS 9	*Financial Instruments* [6]

[1] Effective for annual periods beginning on or after 1 July 2011

[2] Effective for annual periods beginning on or after 1 January 2012

[3] Effective for annual periods beginning on or after 1 July 2012

[4] Effective for annual periods beginning on or after 1 January 2013

[5] Effective for annual periods beginning on or after 1 January 2014

[6] Effective for annual periods beginning on or after 1 January 2015

3 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.

4 SEGMENT REPORTING

a) Segment revenue, results, assets and liabilities

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 makers, the executive directors, regularly review 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.

c) Information about major customers

Revenues from external customers contributing over 10% of the total revenue from the Group's sole operating segment of sale of packaging materials in the PRC are as follows:

	2011	2010
	HK$'000	*HK$'000*
Customer A	**182,390**	154,122
Customer B	**88,740**	80,226
Customer C	**-**	67,813
	271,130	302,161

5 OTHER REVENUE AND OTHER INCOME

	2011	2010
	HK$'000	*HK$'000*
Other revenue		
Interest income	**1,343**	200
Other income		
Government grants	**2,687**	3,056
Sale of raw materials and scrap products	**888**	1,189
Sale of steam	**704**	756
Compensation received from suppliers	**390**	760
Net (loss) gain on disposal of property, plant and equipment	**(961)**	749
Net exchange gain	**3,254**	139
Sundry income	**7**	8
	6,969	6,657
	8,312	6,857

6 (LOSS) PROFIT BEFORE TAX

This is stated after charging (crediting):

	2011	2010
	HK$'000	HK$'000
a) Finance costs:		
Interest on bank and other borrowings wholly repayable within five years	**9,305**	7,139
b) Staff costs (Directors' emoluments included):		
Salaries, wages and other benefits	**39,150**	31,406
Equity settled share-based payment expenses	**631**	843
Contribution to defined contribution retirement plans	**2,433**	2,480
	42,214	34,729
c) Other items:		
Amortisation of lease premium of land	**607**	578
Auditor's remuneration	**570**	550
Cost of inventories	**448,046**	420,918
Depreciation for property, plant and equipment	**21,265**	19,481
Fair value change of financial assets at fair value through profit or loss	**455**	12
Impairment loss on goodwill included in administrative and other operating expense	**28,720**	-
Net loss on disposal of financial assets at fair value through profit or loss	**30**	-
Operating lease charges on rented premises	**5,785**	5,665
Reversal of allowance for trade receivables	**(84)**	-

7 TAXATION

Hong Kong Profits Tax has not been provided as the Group had no estimated assessable profits for both current and prior year. 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 year based on existing legislation, interpretations and practices in respect thereof.

	2011	2010
	HK$'000	*HK$'000*
Current tax		
PRC enterprise income tax		
- Current year	**4,623**	10,958
- Underprovision in prior year	**270**	275
Deferred tax	**(67)**	(639)
Tax expense for the year	**4,826**	10,594

8 DIVIDENDS

	2011	**2010**
	HK$'000	***HK$'000***
Interim dividends *(2010: HK4 cents per share)*	**-**	**20,318**

The directors do not recommend the payment of any dividend in respect of the year ended 31 December 2011.

9 (LOSS) EARNINGS PER SHARE

The calculation of the basic and diluted (loss) earnings per share attributable to the equity holders of the Company is based on the following data:

	2011	2010
	HK$'000	*HK$'000*
(Loss) Profit attributable to equity holders of the Company	**(19,636)**	30,828

	2011	2010
	Number of shares	Number of shares
	'000	*'000*
		(Restated)
Issued ordinary shares at 1 January	**604,840**	484,380
Effect of shares subdivision (Note a)	**604,840**	484,380
Effect of share options exercised	**-**	11,208
Effect of placement of new shares	**-**	7,962
Weighted average number of ordinary shares for basic (loss) earnings per share	**1,209,680**	987,930
Effect of dilutive potential ordinary shares:		
Deemed issue of shares under the Company's share option scheme	**27,260**	24,520
Weighted average number of ordinary shares for diluted (loss) earnings per share	**1,236,940**	1,012,450
(Loss) Earning per share:		
– Basic	**(1.62 cents)**	3.12 cents
– Diluted	**(1.59 cents)**	3.04 cents

Note a) The number of ordinary shares adopted in the calculation of the basic and diluted (loss) earnings per share for the year of 2011 and 2010 has been adjusted to reflect the impact of the share subdivision effected during the respective years. The number of ordinary shares in 2010 has also been restated to reflect the effect of the share subdivision effected in 2011 on a retrospective basis.

Note b) The computation of diluted (loss) earnings per share does not assume the exercise of the Company's unlisted warrants because the exercise price of the Company's unlisted warrants was higher than the average market price of the shares of the Company during the period under review.

10 TRADE AND OTHER RECEIVABLES

	2011	2010
	HK$'000	*HK$'000*
Trade and bills receivables	**303,088**	212,077
Less: Allowance for trade receivables	**(88)**	(167)
	303,000	211,910
Other receivables	**3,121**	2,227
Prepayments and deposits	**12,837**	16,056
	318,958	230,193

The ageing analysis of the trade and bills receivables at the end of the reporting period is as follows:

	2011	2010
	HK$'000	*HK$'000*
Within 3 months	**283,332**	201,340
Over 3 months but within 6 months	**17,353**	10,028
Over 6 months but within 1 year	**2,305**	202
Over 1 year	**98**	507
	303,088	212,077
Less: Allowance for trade receivables	**(88)**	(167)
	303,000	211,910

The normal credit period granted to the customers of the Group is 60 to 90 days (2010: 60 to 90 days). Allowance for trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly.

11 TRADE AND OTHER PAYABLES

	2011	2010
	HK$'000	HK$'000
Trade payables	**63,300**	53,043
Bills payables	**51,009**	51,801
	114,309	104,844
Amount due to a related company	**-**	85
Other payables	**11,658**	9,926
	125,967	114,855

The aging analysis of trade and bills payables at the end of the reporting period is as follows:

	2011	2010
	HK$'000	HK$'000
Within 3 months	**90,056**	73,351
Over 3 months but within 6 months	**22,644**	29,131
Over 6 months but within 1 year	**583**	1,282
Over 1 year	**1,026**	1,080
	114,309	104,844

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Turnover

For the year under review, the Group recorded a total turnover of approximately HK$520.07 million, representing an increase of 1.13% as compared to approximately HK$514.26 million for the corresponding year in 2010.

Gross profit

Gross profit was approximately HK$72.02 million for the year 2011, representing a decrease of approximately 22.84% as compared to approximately HK$93.34 million for the corresponding year in 2010. The overall profit margin decreased from 18.15% for 2010 to 13.85%. The decrease in profit margin was due to the continuous rise in the costs of fuel, electricity, labour cost and a variety of new taxes which were difficult to shift all the increasing costs to the customers in the current circumstances.

Other operating income

Other operating income was approximately HK$8.31 million for the year 2011, representing an increase of approximately 21.22% as compared with approximately HK$6.86 million for the corresponding year in 2010. The increase in other operating income was mainly due to the exchange gain of approximately HK$3.25 million from the pledged RMB fixed deposit held by the Company.

Finance costs

Finance costs for the year 2011 were approximately HK$9.31 million, representing an increase of approximately 30.34% as compared to approximately HK$7.14 million for the corresponding year in 2010. The increase of finance costs was due to increase in bank and other borrowings and increase in interest rates.

Loss for the year

For the year under review, loss attributable to equity holders of the Company was approximately HK$19.64 million as compared to profit of HK$30.83 million for the corresponding year in 2010. Impairment loss on goodwill included in administrative and other operating expenses was approximately HK$28.72 million (2010: Nil).

BUSINESS REVIEW

The Group mainly focuses on the production and sale of expanded polystyrene ("EPS") and paper honeycomb packaging products for household electrical appliances in the PRC. During the second half year of 2011, the Group was exposed to the gradual withdrawal of subsidy policies of "Rural Area Subsidized Electrical Appliances Purchase Policy" and "Energy Efficient Product Subsidy Policy" and the continuous downturn of the property market in the PRC, resulting in significantly reduced demand for household electrical appliances and brought unprecedented challenges to the Group. Whereas the continuous rise of fuel, electricity, labour cost, accessory materials and a variety of new taxes increased the operating costs of the Group and the unfavourable situation such as the tightening of monetary policy squeezed the profit margins of the Group.

In 2011, the Group has gained precious experience in response to adverse business environment and it laid a solid foundation for the future sustainable development of the Group.

BUSINESS OUTLOOK

The economic prospects of the PRC is impacted by the sluggish US economy and the sovereign debt crisis in Europe as well as high inflation and the market demand for the household electrical appliances will not be expected to rebound strongly in the near future. Whereas in the past few years, subsidy policies of "Rural Area Subsidized Electrical Appliances Purchase Policy" and "Energy Efficient Product Subsidy Policy" have utilized the market demand for the household electrical appliances in advance.

Looking forward, the Group will focus on upgrading the production technology, strengthen the internal management and develop new customers.

Enhance Production Technology

The Group will enhance its production technology management, improve its production processes, including to improve mould design and management, streamline the production processes, reduce scrap products, improve the product quality and to enhance the overall production efficiency.

The Group requires utilizing massive steam in the daily production processes and to improve the mould design can effectively reduce the consumption of steam. In 2012, the Group will focus on improving mould design, thereby enhancing production efficiency and cost savings.

Business Development

The Group will consolidate the existing customers and develop the new customers positively. The Group is competitive in developing of the new customers as the Group has a management team that has over 10 years of experience in managing packaging business and has a team of professional designers. 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.

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.

The Group will also continue to keep its inventory at reasonably low level in order to enhance profitability.

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.

DIVIDEND

The directors do not recommend the payment of any dividend for the year ended 31 December 2011.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2011, the Group's current assets amounted to approximately HK$457.52 million (2010: HK$343.49 million) of which approximately HK$34.42 million (2010: HK$95.92 million) were bank balances and cash. The Group's current liabilities amounted to approximately HK$306.86 million (2010: HK$204.51 million) which mainly comprised its trade and other payables and interest-bearing bank and other borrowings. Taken into consideration of its current financial resources, the Group shall have adequate capital for its continual operation and development.

CAPITAL COMMITMENT

The Group's capital commitment outstanding at the year end and contracted but not provided for in the financial statements is HK$37.80 million (2010: HK$ HK$2.50 million).

CONTINGENT LIABILITIES

As at 31 December 2011, the Group did not have any significant contingent liabilities.

PLEDGE OF ASSETS

As at 31 December 2011, the Group pledged assets with aggregate carrying value of HK$183.07 million (2010: HK$78.06 million) to secure banking facilities and other borrowings.

EMPLOYEES

As at 31 December 2011, the Group had a total of around 1,148 (2010: 1,412) staff. The Group remunerates its employees based on their performance, experience and industry practices.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions set out in Appendix 14 the Code on Corporate Governance Practices (the "Code") of the Listing Rules throughout the year ended 31 December 2011 except for a deviation from Code Provision A.2.1, which requires that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Mr. Chao Pang Fei is the Chairman and chief executive officer of the Company. In view of the scale of operations of the Company and the fact that daily operations of the Group's business is delegated to the senior executives and departments heads, the Board considers that vesting the roles of both Chairman and chief executive officer in the same person will not impair the balance of power and authority between the Board and the management of the Company. Save as disclosed, the Company has met the code provisions set out in the Code throughout the year ended 31 December 2011.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transaction by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code") as the code for Directors' securities transactions. Specific enquiry has been made by the Company and all Directors have confirmed that they have complied with the Model Code throughout the year ended 31 December 2011.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the year ended 31 December 2011, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including a review of the audited consolidated financial statements of the Group for the year ended 31 December 2011.

SCOPE OF WORK OF MAZARS CPA LIMITED

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2011 have been agreed by the Group's auditor, Mazars CPA Limited ("Mazars"), to the amounts set out in the Group's draft audited consolidated financial statements for the year. The work performed by Mazars in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Mazars on the preliminary announcement.

By order of the Board of
Sino Haijing Holdings Limited
Chao Pang Fei
Chairman

Hong Kong, 23 March 2012

As at the date of this announcement, 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).

This announcement is published on the HKExnews website at http://www.hkexnews.hk and on the website of the Company at http://www.sinohaijing.com.