

中國海景

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2010



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

Stock Code: 8065



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 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, in both English and Chinese versions, is available on the Company’s website at www.sino Haijing.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") of the Company 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 2010, together with comparative unaudited figures for the corresponding period in 2009 as follows:-

CONDENSED CONSOLIDATED INCOME STATEMENT

| | Notes | Nine months ended 30 September | | Three months ended 30 September | |
|---|-------|-----------------------------------|---------------------------------|------------------------------------|---------------------------------|
| | | 2010 HK\$'000 (Unaudited) | 2009 HK\$'000 (Unaudited) | 2010 HK\$'000 (Unaudited) | 2009 HK\$'000 (Unaudited) |
| Turnover | 2 | 392,000 | 272,040 | 128,132 | 98,989 |
| Cost of sales | | (321,542) | (227,851) | (105,212) | (81,717) |
| Gross profit | | 70,458 | 44,189 | 22,920 | 17,272 |
| Other income | | 2,651 | 2,488 | 1,137 | 254 |
| Administrative and other operating expenses | | (37,145) | (27,638) | (11,910) | (9,191) |
| Operating profit | | 35,964 | 19,039 | 12,147 | 8,335 |
| Finance costs | | (5,011) | (4,182) | (1,822) | (1,536) |
| Profit before taxation | | 30,953 | 14,857 | 10,325 | 6,799 |
| Income tax | 4 | (8,909) | (3,646) | (2,377) | (1,703) |
| Profit the period | | 22,044 | 11,211 | 7,948 | 5,096 |
| Other comprehensive income for the period | | | | | |
| Exchange differences arising on translation of foreign operations | | 5,375 | 7 | 2,584 | 284 |
| Total comprehensive income for the period | | 27,419 | 11,218 | 10,532 | 5,380 |
| Profit attributable to: | | | | | |
| Equity shareholders of the Company | | 20,578 | 10,053 | 7,419 | 4,724 |
| Non-controlling interests | | 1,466 | 1,158 | 529 | 372 |
| Profit for the period | | 22,044 | 11,211 | 7,948 | 5,096 |
| Total comprehensive income attributable to: | | | | | |
| Equity shareholders of the Company | | 25,650 | 10,060 | 9,855 | 4,993 |
| Non-controlling interests | | 1,769 | 1,158 | 677 | 387 |
| Total comprehensive income for the period | | 27,419 | 11,218 | 10,532 | 5,380 |
| Earnings per share | 7 | | | | |
| - Basic | | 4.23 cents | 2.08 cents | 1.53 cents | 0.98 cents |
| - Diluted | | 4.21 cents | 2.08 cents | 1.52 cents | 0.98 cents |



Notes:

1. BASIS OF PREPARATION

The Group's unaudited condensed consolidated results for the nine months ended 30 September 2010 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 third quarterly results were consistent with those applied for the financial statements of the Group for the year ended 31 December 2009.

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

The principal activities of the Group are manufacture and sale of packaging materials in the PRC. Turnover represents the sales value of goods supplied to the customers, which excludes value-added tax and it stated after deduction of all goods returns and trade discounts.

3. SEGMENT REPORTING

The Company has adopted HKFRS 8 "Operating segments" with effective from 1 January 2009. HKFRS 8 requires operating segments to be identified on basis of internal reports about components of the Company that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance.

a) *Segment revenue, results, assets and liabilities*

The Group is principally engaged in the manufacture and sale of packaging materials in the 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 is 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, non-current assets and capital expenditure are located in the PRC, no analysis on revenue from external customers and non-current assets by location are 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. INTERIM DIVIDEND

| | Nine months ended 30 September | |
|---|---|--|
| | 2010 HK\$'000 (Unaudited) | 2009 HK\$'000 (Unaudited) |
| Interim dividend of 4.0 HK cents per ordinary share (2009: Nil) | <u>19,550</u> | <u>—</u> |

The Board has resolved to declare an interim dividend of 4.0 HK cents per share (30 September 2009: Nil) for the nine months ended 30 September 2010 to equity shareholders of the Company whose names appear on the register of members of the Company on Thursday, 25 November 2010, payable on or around Monday, 6 December 2010.



6. CLOSURE OF REGISTER OF MEMBERS

The Company's register of members will be closed from Tuesday, 23 November 2010 to Thursday, 25 November 2010 (both days inclusive), during the period no transfer of shares will be effected. In order to qualify for the interim dividend of 4.0 HK cents per share, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on Monday, 22 November 2010. Dividend warrants will be despatched to equity shareholders on or around Monday, 6 December 2010.

7. EARNINGS PER SHARE

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

| | Nine months ended 30 September | | Three months ended 30 September | |
|--|-----------------------------------|---------------------------------|------------------------------------|---------------------------------|
| | 2010 HK\$'000 (Unaudited) | 2009 HK\$'000 (Unaudited) | 2010 HK\$'000 (Unaudited) | 2009 HK\$'000 (Unaudited) |
| Profit: | | | | |
| Profit for the period attributable to ordinary equity shareholders of the Company | <u>20,578</u> | <u>10,053</u> | <u>7,419</u> | <u>4,724</u> |
| Number of shares (thousands): | | | | |
| Weighted average number of ordinary shares for the purpose of calculating basic earnings per share | <u>486,377</u> | 484,380 | <u>486,377</u> | 484,380 |
| Add: Effect of deemed issue of shares under the Company's share option scheme | <u>2,987</u> | – | <u>2,987</u> | – |
| Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share | <u>489,364</u> | <u>484,380</u> | <u>489,364</u> | <u>484,380</u> |

8. SHARE CAPITAL, SHARE PREMIUM AND RESERVES

| | Attributable to equity shareholders of the Company | | | | | | | | | |
|--|--|---------------------------|-----------------------------|-----------------------------------|--|---------------------------------|------------------------------|-------------------|--------------------------------|--------------------------|
| | Issued 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 | Total HK\$'000 | Minority interests HK\$'000 | Total equity HK\$'000 |
| At 1/1/2009 | 24,219 | 153,923 | 117 | – | 5,957 | 12,955 | 12,935 | 210,106 | 14,119 | 224,225 |
| Equity settled share-based transactions | – | – | – | 1,596 | – | – | – | 1,596 | – | 1,596 |
| Total comprehensive income for the year | – | – | – | – | – | (17) | 14,602 | 14,585 | 1,374 | 15,959 |
| Transfer | – | – | – | – | 4,147 | – | (4,147) | – | – | – |
| At 31/12/2009 and 1/1/2010 | 24,219 | 153,923 | 117 | 1,596 | 10,104 | 12,938 | 23,390 | 226,287 | 15,493 | 241,780 |
| Equity settled share-based transactions | – | – | – | 674 | – | – | – | 674 | – | 674 |
| Exercise of share option | 218 | 962 | – | (264) | – | – | – | 916 | – | 916 |
| Lapse of share option | – | – | – | (15) | – | – | – | (15) | – | (15) |
| Dividend paid to non-controlling interests | – | – | – | – | – | – | – | – | (1,744) | (1,744) |
| Total comprehensive income for the period | – | – | – | – | – | 5,072 | 20,578 | 25,650 | 1,769 | 27,419 |
| At 30/9/2010 | <u>24,437</u> | <u>154,885</u> | <u>117</u> | <u>1,991</u> | <u>10,104</u> | <u>18,010</u> | <u>43,968</u> | <u>253,512</u> | <u>15,518</u> | <u>269,030</u> |



MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For the nine months ended 30 September 2010, the Group recorded a turnover of approximately HK\$392.00 million, representing an increase of approximately 44.1% as compared with approximately HK\$272.04 million for the corresponding period in 2009. Profit attributable to equity shareholders of the Company for the nine months ended 30 September 2010 was approximately HK\$20.58 million, representing an increase of approximately 104.7% as compared with approximately HK\$10.05 million for the corresponding period in 2009.

Business Review

During the period under review, the “Rural Area Subsidized Electrical Appliances Purchase Policy”, the “Home Appliances Replacement Policy” and the “Energy Efficient Product Subsidy Policy” implemented by the PRC government stimulated the demand of home appliances. The net profit for the nine months ended 30 September 2010 was approximately HK\$20.58 million as compared with approximately HK\$10.05 million for the corresponding period in 2009, showing a significant profit improvement.

Business Outlook

Given the initial recovery of the global economy and the support of the “Rural Area Subsidized Electrical Appliances Purchase Policy” implemented by the PRC government, the Group is relatively optimistic for the operation in 2010. The Group will commit to broaden the sources of income and reduce the operating costs. In addition to consolidate the existing business, the Group will also actively develop the new customers and the new markets. The Group will also put strenuous efforts to implement effective cost-control measures, through strengthening the internal management and improving the operating processes resulting in a more streamlined operation and increased overall production efficiency. In 2010, the Group’s core strategies are “to optimize the product structures, strengthen the internal management and team building”.

To optimize the product structures

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

The Group has started to develop the new businesses beyond its existing household electrical appliance packaging business, including the logistic and freight packaging solutions business. The Group has targeted to upgrade from the manufacturer of household electrical appliance packaging products to an excellent complete packaging solutions providers so as to further improve its overall competitiveness and profitability.

To strengthen the internal management

The Group will continue to strengthen its internal management, 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 the management of production technology and improve the mechanization of equipment standards, and enhance staff operational skills in order to improve overall production efficiency.

The Group requires utilizing the massive steam in the daily production process and to improve the mould design can effectively reduce the consumption of steam. In 2010, the Group will focus on improving mould design, thereby enhancing production efficiency and cost savings.

Team building

The Group has adhered to the “people-oriented” enterprise conviction and strongly believed 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 and offers fair and equitable career advancement to its staff so as to enhance the quality of management and operations skills of the staff and nurture 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 2010, 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 | 74.32 |
| Mr. Wang Yi | 2,000,000 | - | 6,000,000 (Note 2) | 8,000,000 | 1.64 |
| Ms Hui Hongyan | 500,000 | - | 4,172,000 (Note 2) | 4,672,000 | 0.96 |
| Mr. Deng Chuangping | 530,000 | - | 5,230,000 (Note 2) | 5,760,000 | 1.18 |

Notes:

- 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.
- These interests represented the interest in underlying shares in respect of share options granted by the Company to these directors as beneficial owners, the details of which are set out in the section below headed "Share Option Schemes".

(b) Share options granted to Directors

On 6 November 2009, the Company granted share options to certain Directors under the share option scheme (the "Share Option Scheme") that was adopted on 6 June 2003. Details of the share options movement as at 30 September 2010 are set out in the heading "Share Option Scheme" below.

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

Save as disclosed herein, as at 30 September 2010, 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 30 September 2010, 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) | Corporate interest | 345,198,010 | 70.63 |
| Ms. Sam Mei Wa (Note 2) | Interest of spouse | 363,258,010 | 74.32 |

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 ("Mrs. Chao") is the spouse of Mr. Chao Pang Fei, hence Mrs. Chao 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.

SHARE OPTIONS SCHEME

The purpose of the Share Option Scheme is to provide incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Share Option Scheme include any employees, directors, substantial shareholders or any of their respective associates of the Company and/or any of its subsidiaries of associated companies.

The following table discloses the movement of the Company's share options during the period ended 30 September 2010.

| | Date of grant | Exercisable period | Exercise price per share HK\$ | Number of share options | | | |
|-------------------|---------------|---------------------|----------------------------------|-------------------------|-----------------------------|-------------------------|-------------------------|
| | | | | Balance as at 1/1/2010 | Exercised during the period | Lapsed upon resignation | Balance as at 30/9/2010 |
| Category 1 | | | | | | | |
| Directors | | | | | | | |
| Wang Yi | 6/11/2009 | 6/11/2009-5/11/2013 | 0.21 | 4,000,000 | 2,000,000 | - | 2,000,000 |
| Wang Yi | 6/11/2009 | 6/11/2011-5/11/2013 | 0.21 | 4,000,000 | - | - | 4,000,000 |
| Hui Hongyan | 6/11/2009 | 6/11/2009-5/11/2013 | 0.21 | 2,336,000 | 500,000 | - | 1,836,000 |
| Hui Hongyan | 6/11/2009 | 6/11/2011-5/11/2013 | 0.21 | 2,336,000 | - | - | 2,336,000 |
| Deng Chuangping | 6/11/2009 | 6/11/2009-5/11/2013 | 0.21 | 2,880,000 | 530,000 | - | 2,350,000 |
| Deng Chuangping | 6/11/2009 | 6/11/2011-5/11/2013 | 0.21 | 2,880,000 | - | - | 2,880,000 |
| | | | | <u>18,432,000</u> | <u>3,030,000</u> | <u>-</u> | <u>15,402,000</u> |



| | Date of grant | Exercisable period | Exercise price per share HK\$ | Number of share options | | | |
|-------------------|---------------|---------------------|----------------------------------|-------------------------|-----------------------------|-------------------------|-------------------------|
| | | | | Balance as at 1/1/2010 | Exercised during the period | Lapsed upon resignation | Balance as at 30/9/2010 |
| Category 2 | | | | | | | |
| Employees | 6/11/2009 | 6/11/2009-5/11/2013 | 0.21 | 14,984,000 | 1,336,000 | 150,000 | 13,498,000 |
| Employees | 6/11/2009 | 6/11/2011-5/11/2013 | 0.21 | 14,984,000 | - | - | 14,984,000 |
| | | | | <u>29,968,000</u> | <u>1,336,000</u> | <u>-</u> | <u>28,482,000</u> |
| | | | | <u>48,400,000</u> | <u>4,366,000</u> | <u>150,000</u> | <u>43,884,000</u> |

COMPETING INTERESTS

As at 30 September 2010, 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 2010.

PURCHASE, DISPOSAL OR REDEMPTION OF SECURITIES

During the period ended 30 September 2010, 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 2010 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, 8 November 2010

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. Cheng Yun Ming, Matthew (independent non-executive Director) and Mr. Sin Ka Man (independent non-executive Director).