# 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)

## ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2010

**CHARACTISTICS 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.**



*This announcement, 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 announcement 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 announcement misleading.*

*This announcement will remain on the "Latest Company Announcements" page of the GEM website (http://www.hkgem.com) for at least seven days from the date of its posting and on the website of the Company at www.sinohaijing.com*

## FINAL RESULTS

The board of Directors (the "Board") of the Company herein present the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2010 together with the comparative audited figures for the corresponding year in 2009 as follows:

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2010

| | Note | **2010** HK$'000 | 2009 HK$'000 |
|---|---|---|---|
| **Turnover** | 3 | **514,262** | 374,581 |
| Cost of sales | | **(420,918)** | (311,169) |
| **Gross profit** | | **93,344** | 63,412 |
| Other revenue and other income | 5 | **6,857** | 3,942 |
| Administrative and other operating expenses | | **(49,578)** | (39,853) |
| **Profit from operations** | | **50,623** | 27,501 |
| Finance costs | 6(a) | **(7,139)** | (5,570) |
| **Profit before tax** | 6 | **43,484** | 21,931 |
| Income tax expense | 7 | **(10,594)** | (5,955) |
| **Profit for the year** | | **32,890** | 15,976 |
| **Other comprehensive income:** | | | |
| Exchange differences arising on translation of foreign operations | | **9,944** | (17) |
| **Total comprehensive income for the year** | | **42,834** | 15,959 |
| **Profit attributable to:** | | | |
| Equity holders of the Company | | **30,828** | 14,602 |
| Non-controlling interests | | **2,062** | 1,374 |
| | | **32,890** | 15,976 |
| **Total comprehensive income attributable to:** | | | |
| Equity holders of the Company | | **40,157** | 14,585 |
| Non-controlling interests | | **2,677** | 1,374 |
| | | **42,834** | 15,959 |
| **Earnings per share** | 9 | | |
| - Basic | | **HK$ 6.2 cents** | HK$3.0 cents |
| - Diluted | | **HK$ 6.1 cents** | HK$ 3.0 cents |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2010

| | Note | **31 December 2010 HK$'000** | 31 December 2009 HK$'000 *(Restated)* | 1 January 2009 HK$'000 |
|---|---|---|---|---|
| **NON-CURRENT ASSETS** | | | | |
| Property, plant and equipment | | **118,832** | 117,051 | 116,015 |
| Lease premium for land | | **25,374** | 24,991 | 22,272 |
| Goodwill | | **70,186** | 67,717 | 67,723 |
| | | **214,392** | 209,759 | 206,010 |
| **CURRENT ASSETS** | | | | |
| Financial assets at fair value through profit or loss | | **38** | 50 | - |
| Inventories | | **16,788** | 12,750 | 18,318 |
| Lease premium for land | | **551** | 590 | 514 |
| Trade and other receivables | 10 | **230,193** | 186,440 | 177,334 |
| Bank balances and cash | | **95,923** | 15,365 | 5,254 |
| | | **343,493** | 215,195 | 201,420 |
| **CURRENT LIABILITIES** | | | | |
| Trade and other payables | 11 | **114,855** | 110,604 | 110,622 |
| Bank and other borrowings | | **87,527** | 67,328 | 67,929 |
| Current tax payable | | **2,131** | 1,988 | 1,905 |
| | | **204,513** | 179,920 | 180,456 |
| **NET CURRENT ASSETS** | | **138,980** | 35,275 | 20,964 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | **353,372** | 245,034 | 226,974 |
| **NON-CURRENT LIABILITIES** | | | | |
| Deferred tax liabilities | | **2,718** | 3,254 | 2,749 |
| **NET ASSETS** | | **350,654** | 241,780 | 224,225 |
| **CAPITAL AND RESERVES** | | | | |
| Share capital | | **30,242** | 24,219 | 24,219 |
| Reserves | | **304,043** | 202,068 | 185,887 |
| **Equity attributable to equity holders of the Company** | | **334,285** | 226,287 | 210,106 |
| **Non-controlling interests** | | **16,369** | 15,493 | 14,119 |
| **TOTAL EQUITY** | | **350,654** | 241,780 | 224,225 |

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 GEM.

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2009 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.

*HK – Int 5: Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause*

The Interpretation concludes that, if a term loan (i.e. a loan that is repayable on a specified date or in installments over a specified period, usually in excess of one year) has a demand clause (i.e. a clause that gives the lender an overriding right to demand repayment without notice or with notice period of less than 12 months at its sole discretion) in its term, the loan shall be classified by the borrower as a current liability in the statement of financial position. Similarly, the amounts repayable under such a term loan shall be classified in the earliest time bracket in the contractual maturity analysis as required to be disclosed under HKFRS 7: Financial Instruments: Disclosures. The adoption of this Interpretation has resulted in the Group and the Company reclassifying interest-bearing bank borrowings amounting to HK$3,767,000, HK$2,467,000 and Nil as at 31 December 2010, 31 December 2009 and 1 January 2009, respectively, from non-current liabilities to current liabilities and making necessary changes to the relevant disclosures accordingly.

*HKAS 27 (Revised): Consolidated and Separate Financial Statements*

The revised standard requires accounting for changes in ownership interests in a subsidiary, while maintaining control, to be recognised as an equity transaction. It also requires, when the Group loses control of a subsidiary, any interest retained in the former subsidiary to be remeasured at fair value with the gain or loss recognised in profit or loss. This principle is also extended to a disposal of an associate through the consequential amendments to HKAS 28: Investments in Associates. The adoption of the revised standard did not have material impact on the financial statements for the year ended 31st December 2010.

*Amendments to HKAS 17: Leases*

As part of Improvements to HKFRSs issued in 2009, HKAS 17: Leases has been amended in relation to the classification of leasehold land. Before the amendments to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid lease payments in the consolidated statement of financial position. The amendments to HKAS 17 have removed such requirement. The amendments require that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee. In accordance with the transitional provisions set out in the amendments to HKAS 17, the Group reassessed the classification of unexpired leasehold land as at 1st January 2010 based on information that existed at the inception of the leases. There is no leasehold land that qualifies for finance lease classification, hence, no prepaid lease payment has been reclassified to property, plant, and equipment retrospectively.

## 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 HKAS 32 | *Classification of Rights Issues* [1] |
| Amendments to HKFRS 1 (Revised) | *Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters* [2] |
| HK(IFRIC) – Int 19 | *Extinguishing Financial Liabilities with Equity Instruments* [2] |
| HKAS 24 (Revised) | *Related Party Disclosures* [3] |
| Amendments to HK(IFRIC) – Int 14 | *Prepayments of a Minimum Funding Requirement* [3] |
| Improvements to HKFRSs 2010 | *Improvements to HKFRSs 2010* [4] |
| Amendments to HKFRS 7 | *Disclosures – Transfer of Financial Assets* [5] |
| Amendments to HKAS 12 | *Deferred Tax: Recovery of Underlying Assets* [6] |
| HKFRS 9 | *Financial Instruments* [7] |

[1] Effective for annual periods beginning on or after 1 February 2010

[2] Effective for annual periods beginning on or after 1 July 2010

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

[4] Effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate

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

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

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

## 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 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.

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:

| | **2010** | 2009 |
|---|---:|---:|
| | ***HK$'000*** | *HK$'000* |
| Customer A | **154,122** | 151,046 |
| Customer B | **80,226** | 72,424 |
| Customer C | **67,813** | - |
| | **302,161** | 223,470 |

## 5 OTHER REVENUE AND OTHER INCOME

| | 2010 | 2009 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| **Other revenue** | | |
| Interest income | **200** | 220 |
| **Other income** | | |
| Government grants | **3,056** | 1,383 |
| Sale of raw materials and scrap products | **1,189** | 1,105 |
| Sale of steam | **756** | 522 |
| Compensation received from suppliers | **760** | 412 |
| Net gain (loss) on sale of property, plant and equipment | **749** | (72) |
| Net exchange gain (loss) | **139** | (65) |
| Sundry income | **8** | 437 |
| | **6,657** | 3,722 |
| | **6,857** | 3,942 |

## 6 PROFIT BEFORE TAX

This is stated after charging:

| | 2010 | 2009 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| **a) Finance costs:** | | |
| Interest on bank and other borrowings wholly repayable within five years | **7,139** | 5,570 |
| **b) Staff costs (directors' emoluments included):** | | |
| Salaries, wages and other benefits | **31,406** | 29,274 |
| Equity settled share-based payment expenses | **843** | 1,596 |
| Contribution to defined contribution retirement plans | **2,480** | 1,113 |
| | **34,729** | 31,983 |
| **c) Other items:** | | |
| Amortisation of lease premium of land | **578** | 278 |
| Depreciation for property, plant and equipment | **19,481** | 17,144 |
| Impairment loss for plant and machinery | **-** | 572 |
| Allowance for trade receivables | **-** | 161 |
| Auditor's remuneration | **550** | 595 |
| Operating lease charges on rented premises | **5,665** | 5,401 |
| Cost of inventories | **420,918** | 311,169 |

## 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.

| | **2010** | 2009 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| **Current tax** | | |
| PRC enterprise income tax | | |
| - Current year | **10,958** | 5,450 |
| - Underprovision in prior year | **275** | - |
| **Deferred tax** | **(639)** | 505 |
| **Tax expense for the year** | **10,594** | 5,955 |

## 8 DIVIDENDS

| | **2010** | 2009 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Interim dividends of HK4 cents per share (2009: Nil) | **20,318** | - |

## 9 EARNINGS PER SHARE

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

| | **2010** | 2009 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Profit attributable to equity holders of the Company | **30,828** | 14,602 |

| | **2010** | 2009 |
|---|---|---|
| | **Number of shares** | Number of shares |
| | ***'000*** | *'000* |
| Issued ordinary shares at 1 January | **242,190** | 242,190 |
| Effect of shares subdivision | **242,190** | 242,190 |
| Effect of share options exercised | **5,604** | - |
| Effect of placement of new shares | **3,981** | - |
| Weighted average number of ordinary shares for basic earnings per share | **493,965** | 484,380 |
| Effect of dilutive potential ordinary shares: | | |
| Deemed issue of shares under the Company's share option scheme | **12,260** | 242 |
| Weighted average number of ordinary shares for diluted earnings per share | **506,225** | 484,622 |
| Earning per share: | | |
| – Basic | **6.2 cents** | 3.0 cents |
| – Diluted | **6.1 cents** | 3.0 cents |

## 10 TRADE AND OTHER RECEIVABLES

| | **2010** | 2009 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Trade and bills receivables | | |
| From third parties | **191,467** | 125,598 |
| From non-controlling interests | **20,610** | 17,112 |
| | **212,077** | 142,710 |
| Less: Allowance for trade receivables | **(167)** | (161) |
| | **211,910** | 142,549 |
| Other receivables | **2,227** | 1,443 |
| Prepayments and deposits | **16,056** | 42,448 |
| | **230,193** | 186,440 |

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

| | **2010** | 2009 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Within 3 months | **201,340** | 118,091 |
| Over 3 months but within 6 months | **10,028** | 24,334 |
| Over 6 months but within 1 year | **202** | 80 |
| Over 1 year | **507** | 205 |
| | **212,077** | 142,710 |
| Less: Allowance for trade receivables | **(167)** | (161) |
| | **211,910** | 142,549 |

The normal credit period granted to the customers of the Group is 60 to 90 days (2009: 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

| | 2010 | 2009 |
|---|---|---|
| | HK$'000 | HK$'000 |
| Trade payables | 53,043 | 44,661 |
| Bills payables | 51,801 | 47,947 |
| | 104,844 | 92,608 |
| Amount due to a related company | 85 | 82 |
| Amount due to a former shareholder of certain subsidiaries | - | 10,015 |
| Other payables | 9,926 | 7,899 |
| Financial liabilities measured at amortised cost | 114,855 | 110,604 |

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

| | 2010 | 2009 |
|---|---|---|
| | HK$'000 | HK$'000 |
| Within 3 months | 73,351 | 56,047 |
| Over 3 months but within 6 months | 29,131 | 33,819 |
| Over 6 months but within 1 year | 1,282 | 1,547 |
| Over 1 year | 1,080 | 1,195 |
| | 104,844 | 92,608 |

a) Trade payables of approximately HK$5,070,000 (2009: HK$4,481,000) is guaranteed by Mr. Chao Pang Fei, the controlling shareholder of the Company ("Mr. Chao").

b) The amount due to a related company is interest-free, unsecured and has no fixed terms of repayment. This related company is controlled by Mr. Chao.

## MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

For the year 2010, the Group recorded a total turnover of approximately HK$514.26 million, representing an increase of 37.29% as compared to approximately HK$ 374.58 million in 2009. Profit attributable to equity holders of the Company was approximately HK$30.83 million, represent an increase of 111.12% as compared to approximately HK$14.60 million for 2009.

## BUSINESS REVIEW

During the year 2010, 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. Profit attributable to equity holders of the Company was approximately HK$30.83 million as compared to approximately HK$14.60 million in 2009, showing a significant profit improvement.

During the year under review, the Group committed to broaden the sources of income and reduce the operating costs. In addition to consolidate the existing business, the Group also actively developed the new customers and the new markets. In 2010, the continuous rise of fuel, electricity, labour cost, raw materials and accessory materials brought high pressures on the Group's operating costs, the Group put strenuous efforts to implement effective cost-control measures, through strengthening internal management and improving operating processes resulting in a more streamlined operation and increased overall production efficiency.

In 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 Group's logistic and freight packaging solutions business and automotive logistics packaging business.

With respect to capital management, the Group successfully completed a share placing in December 2010, with fund raised of approximately HK$82.36 million, further strengthening the financial position of the Group and providing strong support for the Group's business.

## RECOGNITION

During the past year, the subsidiaries of the Group received numerous awards from the local governments and their business partners for their achievement, including:

- "2009 Outstanding Foreign Investment Enterprise" by the China Association of Enterprises with Foreign Investment
- "2009 Outstanding Social Responsible Foreign Investment Enterprise" by the China Association of Enterprises with Foreign Investment
- "2010 Outstanding Enterprise Manager" by the Working Committee of Xuejiadao Street, Huangdao District, Qingdao City
- "2009 Outstanding Entrepreneur" by Anhui Province Foreign Investment Association
- "2009 Outstanding Foreign Investment Enterprise" by Anhui Province Foreign Investment Association
- "2010 Midea Refrigerator Business Department – Outstanding Supplier" by Hefei Midea Group

## BUSINESS OUTLOOK

The Group is actively considering to submit an application to the Stock Exchange for the transfer of listing of the Company's shares from the Growth Enterprise Market to the Main Board. The Group believes that the listing of the Company's shares on the Main Board will enhance the profile of the Group and improve the trading liquidity of the shares of the Company.

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 the 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. 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.

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.

**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.

## LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2010, the Group's current assets amounted to approximately HK$343.49 million (2009: HK$215.20 million) of which approximately HK$95.92 million (2009: HK$15.37 million) were bank balances and cash. The Group's current liabilities amounted to approximately HK$204.51 million (2009: HK$179.92 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$2.50 million (2009: HK$0.77million).

## CONTINGENT LIABILITIES

As at 31 December 2010, the Group did not have any significant contingent liabilities.

## PLEDGE OF ASSETS

As at 31 December 2010, the Group pledged assets with aggregate carrying value of HK$78.06 million (2009: HK$83.63 million) to secure banking facilities and other borrowings.

## EMPLOYEES

As at 31 December 2010, the Group had a total of around 1,412 (2009: 917) 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 the Code on Corporate Governance Practices (the "CCGP") of the GEM Listing Rules throughout the year ended 31 December 2010 except for 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 CCGP throughout the year ended 31 December 2010.

## COMPETING INTERESTS

As at 31 December 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.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 (the "Required Standard of Dealing") of the GEM Listing Rules.

Specific enquiry has been made by the Company and all Directors have confirmed that they have complied with the Required Standard of Dealing throughout the year ended 31 December 2010.

## PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the year ended 31 December 2010, 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 2010.

## 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 2010 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, 11 March 2011

*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).*