



**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  
31ST DECEMBER, 2007**

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## FINAL RESULTS

The board (the “Board”) of directors of the Company (the “Directors”) herein present the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31st December, 2007 together with the comparative audited figures for the corresponding period in 2006.

### CONSOLIDATED INCOME STATEMENT

	<i>Note</i>	<b>2007</b> <i>HK\$'000</i>	2006 <i>HK\$'000</i> (restated)
<b>Continuing operations</b>			
Turnover	3	<b>10,055</b>	–
Cost of sales		<b>(9,843)</b>	–
<b>Gross Profit</b>		<b>212</b>	–
Other revenue	3	<b>749</b>	384
Administrative and other operating expenses		<b>(4,222)</b>	(2,418)
<b>Operating loss</b>		<b>(3,261)</b>	(2,034)
Finance costs		<b>(8)</b>	(2)
<b>Loss before income tax</b>		<b>(3,269)</b>	(2,036)
Income tax expense	5	<b>–</b>	–
Loss for the year from continuing operations	4	<b>(3,269)</b>	(2,036)
<b>Discontinued operations</b>			
Loss for the year from discontinued operations		<b>(4,838)</b>	(7,190)
Loss for the year		<b>(8,107)</b>	(9,226)
<b>Attributable to:</b>			
Equity holders of the Company	7	<b>(8,107)</b>	(9,226)
<b>Dividends</b>			
	9	<b>–</b>	–
<b>Loss per share</b>			
<b>From continuing and discontinued operations</b>	8		
– Basic		<b>(HK8.3 cents)</b>	(HK16.2 cents)
– Diluted		<b>N/A</b>	N/A
<b>From continuing operations</b>			
– Basic		<b>(HK3.4 cents)</b>	(HK3.6 cents)
– Diluted		<b>N/A</b>	N/A

# CONSOLIDATED BALANCE SHEET

At 31st December, 2007

	Note	2007 HK\$'000	2006 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		456	492
Lease premium for land		3,487	–
Construction-in-progress		3,127	–
Available-for-sale financial assets		–	859
Trade and other receivables	11	–	563
		<u>7,070</u>	<u>1,914</u>
<b>CURRENT ASSETS</b>			
Inventories		213	–
Lease premium for Land		73	–
Held-to-maturity debt securities		–	49
Trade and other receivables	11	15,024	5,498
Tax recoverable		–	60
Pledged time deposits		–	2,376
Cash and cash equivalents		15,823	6,417
		<u>31,133</u>	<u>14,400</u>
Assets classified as held for sale	10	<u>4,834</u>	<u>–</u>
		<u>35,967</u>	<u>14,400</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	6,928	2,123
Amount due to a director		–	152
Amount due to a related company		–	442
		<u>6,928</u>	<u>2,717</u>
Liabilities associated with assets classified as held for sale	10	<u>2,003</u>	<u>–</u>
		<u>8,931</u>	<u>2,717</u>
<b>NET CURRENT ASSETS</b>		<u>27,036</u>	<u>11,683</u>
<b>NET ASSETS</b>		<u>34,106</u>	<u>13,597</u>
<b>CAPITAL AND RESERVES</b>			
Issued capital		12,150	6,750
Reserves		21,956	6,847
<b>TOTAL EQUITY</b>		<u>34,106</u>	<u>13,597</u>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st December, 2007

	Issued capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Translation reserves HK\$'000	Investment revaluation reserve HK\$'000	Retained profits/ (accumulated losses) HK\$'000	Total HK\$'000
At 1/1/2006	3,750	8,672	117	-	(232)	1,432	13,739
Issue of one rights share for every two existing shares	1,875	1,875	-	-	-	-	3,750
Placing of new shares	1,125	4,275	-	-	-	-	5,400
Issuing expenses	-	(158)	-	-	-	-	(158)
Fair value gain on available-for-sale financial assets	-	-	-	-	92	-	92
Net loss for the year	-	-	-	-	-	(9,226)	(9,226)
At 31/12/2006 and 1/1/2007	6,750	14,664	117	-	(140)	(7,794)	13,597
Issue of one rights share for every two existing shares	3,375	6,750	-	-	-	-	10,125
Placing of new shares	2,025	16,605	-	-	-	-	18,630
Issuing expenses	-	(878)	-	-	-	-	(878)
Exchange differences arising on translation of a foreign operations	-	-	-	599	-	-	599
Fair value gain on available-for-sale financial assets	-	-	-	-	140	-	140
Net loss for the year	-	-	-	-	-	(8,107)	(8,107)
At 31/12/2007	<u>12,150</u>	<u>37,141</u>	<u>117</u>	<u>599</u>	<u>-</u>	<u>(15,901)</u>	<u>34,106</u>

Notes:

## 1. BASIS OF PREPARATION

### a) GENERAL INFORMATION

The Company is an investment holding company. Its subsidiaries are principally engaged in provision of intelligent building system (“IBS”) solutions installation services and sales of packaging materials.

The Company was incorporated in the Cayman Islands on 8th July, 2002 is an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The address of its principal place of business is Room 2412, 24/F, Wing On Centre, 111 Connaught Road Central, Hong Kong.

### b) BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31st December.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All significant intercompany transactions and balances within the Group are eliminated on consolidation.

The gain or loss on the disposal of a subsidiary represents the difference between the proceeds of the sale and the Group’s share of its net assets together with any goodwill or capital reserve which was not previously charged or recognised in the consolidated income statement. Minority interests represent the interests of outside shareholders in the operating results and net assets of subsidiaries.

## 2. ADOPTION OF NEW OR AMENDED HKFRSs

In the current year, the Group has applied, for the first time, the following new standard, amendment and interpretations issued by the HKICPA, which are effective for the Group’s consolidated financial statements beginning 1st January, 2007.

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC) – Int 8	Scope of HKFRS 2
HK(IFRIC) – Int 9	Reassessment of Embedded Derivatives
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment is required.

## 2.1 Amendment of HKAS 1 (Amendment) – Capital Disclosures

In accordance with the amendment of HKAS 1 (Amendment) – Capital Disclosures, the Group now reports on its capital management objectives, policies and procedures in each annual financial report.

## 2.2 Amendment of HKFRS 7 – Financial Instruments: Disclosures

HKFRS 7 – Financial Instruments : Disclosures is mandatory for reporting periods beginning on 1st January, 2007 or later. The new standard replaces and amends disclosure requirements previously set out in HKAS 32 Financial Instruments : Presentation and Disclosures and has been adopted by the Group in its consolidated financial statements for the year ended 31st December, 2007. All disclosures relating to financial instruments including all comparative information have been updated to reflect the new requirements. In particular, the Group’s consolidated financial statements now feature:

- a sensitive analysis, to explain the Group’s market risk exposure in regard to its financial instruments; and
- a maturity analysis that shows the remaining contractual maturities of financial liabilities;

each as at the balance sheet date. The first-time application of HKFRS 7, however, has not resulted in any prior-period adjustments of cash flows, net income or balance sheet items.

## 2.3 New or amended HKFRSs that have been issued but are not yet effective

The Group has not early adopted the following HKFRSs that have been issued but are not yet effective. The Directors of the Company is currently assessing the impact of these HKFRSs but are not yet in a position to state whether they would have material financial impact on the Group’s consolidated financial statements.

HKAS 1 (Revised)	Presentation of Financial Statements <sup>1</sup>
HKAS 23 (Revised)	Borrowing Costs <sup>1</sup>
HKFRS 8	Operating Segments <sup>1</sup>
HK(IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions <sup>2</sup>
HK(IFRIC) – Int 12	Service Concession Arrangements <sup>3</sup>
HK(IFRIC) – Int 13	Customer Loyalty Programmes <sup>4</sup>
HK(IFRIC) – Int 14	HKAS 19 – The Limit on Defined Benefit Asset, Minimum Funding Requirements and their Interaction <sup>3</sup>

*Note:*

<sup>1</sup> Effective for annual periods beginning on or after 1st January, 2009

<sup>2</sup> Effective for annual periods beginning on or after 1st March, 2007

<sup>3</sup> Effective for annual periods beginning on or after 1st January, 2008

<sup>4</sup> Effective for annual periods beginning on or after 1st July, 2008

### 3. TURNOVER AND OTHER REVENUE

#### Turnover

An analysis of the Group's turnover for the year, for both continuing and discontinued operations, is as follows:

	<b>2007</b> <i>HK\$'000</i>	2006 <i>HK\$'000</i>
<b>Continuing operations</b>		
Sales of packaging material	<u>10,055</u>	<u>-</u>
<b>Discontinued operations</b>		
IBS solutions	<u>1,397</u>	<u>4,511</u>
	<u><b>11,452</b></u>	<u><b>4,511</b></u>

#### Other revenue

	<b>Continuing operations</b>		<b>Discontinued operations</b>		<b>Consolidated</b>	
	<b>2007</b> <i>HK\$'000</i>	2006 <i>HK\$'000</i>	<b>2007</b> <i>HK\$'000</i>	2006 <i>HK\$'000</i>	<b>2007</b> <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Bank interest income	<b>248</b>	62	<b>19</b>	86	<b>267</b>	148
Gain on disposal of trading securities	<b>483</b>	306	-	-	<b>483</b>	306
Exchange gain	-	16	-	-	-	16
Gain on disposal of property, plant and equipment	-	-	<b>30</b>	-	<b>30</b>	-
Sundry income	<u><b>18</b></u>	<u>-</u>	<u><b>523</b></u>	<u>113</u>	<u><b>541</b></u>	<u>113</u>
Total	<u><b>749</b></u>	<u>384</u>	<u><b>572</b></u>	<u>199</u>	<u><b>1,321</b></u>	<u>583</u>

#### 4. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging (crediting):

	Continuing operations		Discontinued operations		Consolidated	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Depreciation for property, plant and equipment	90	61	133	148	223	209
Amortisation of lease premium for land	73	–	–	–	73	–
Total depreciation and amortisation	<u>163</u>	<u>61</u>	<u>133</u>	<u>148</u>	<u>296</u>	<u>209</u>
Auditors' remuneration	<u>205</u>	<u>170</u>	<u>–</u>	<u>–</u>	<u>205</u>	<u>170</u>
Research and development costs	<u>–</u>	<u>–</u>	<u>381</u>	<u>514</u>	<u>381</u>	<u>514</u>
Operating lease charges on rented premises and equipment	<u>318</u>	<u>321</u>	<u>142</u>	<u>127</u>	<u>460</u>	<u>448</u>
Impairment loss recognised in respect of trade and other receivables	<u>–</u>	<u>–</u>	<u>3,187</u>	<u>1,700</u>	<u>3,187</u>	<u>1,700</u>
Bad debts written off	<u>–</u>	<u>–</u>	<u>–</u>	<u>3,050</u>	<u>–</u>	<u>3,050</u>
Staff cost (including directors' emolument)	2,458	1,268	575	991	3,033	2,259
Staff retirement costs (including directors' emolument)	27	24	62	94	89	118
	<u>2,485</u>	<u>1,292</u>	<u>637</u>	<u>1,085</u>	<u>3,122</u>	<u>2,377</u>
Cost of inventories	<u>9,843</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>9,843</u>	<u>–</u>



## 5. SEGMENT INFORMATION

### a) Business segments

The Group was principally engaged in IBS solutions installation services and sales of packaging materials. These two business segments are the basis on which the Group reports its primary segment information. Segment information about these businesses is presented below:

	<b>Continuing operation: Sales of packaging materials</b>		<b>Discontinued operation: IBS solutions</b>		<b>Consolidated</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment revenue:						
Turnover	<b>10,055</b>	–	<b>1,397</b>	4,511	<b>11,452</b>	4,511
Other revenue	<b>749</b>	384	<b>572</b>	199	<b>1,321</b>	583
Total	<b><u>10,804</u></b>	<u>384</u>	<b><u>1,969</u></b>	<u>4,710</u>	<b><u>12,773</u></b>	<u>5,094</u>
Segment results	<b><u>(3,261)</u></b>	<u>(2,034)</u>	<b><u>(4,878)</u></b>	<u>(6,972)</u>	<b><u>(8,139)</u></b>	<u>(9,006)</u>
Loss from operations	<b>(3,261)</b>	(2,034)	<b>(4,878)</b>	(6,972)	<b>(8,139)</b>	(9,006)
Finance costs	<b>(8)</b>	(2)	<b>(20)</b>	(37)	<b>(28)</b>	(39)
Loss before taxation	<b>(3,269)</b>	(2,036)	<b>(4,898)</b>	(7,009)	<b>(8,167)</b>	(9,045)
Taxation	<b>–</b>	–	<b>60</b>	(181)	<b>60</b>	(181)
Loss for the year	<b><u>(3,269)</u></b>	<u>(2,036)</u>	<b><u>(4,838)</u></b>	<u>(7,190)</u>	<b><u>(8,107)</u></b>	<u>(9,226)</u>

	Continuing operation: Sales of packaging materials		Discontinued operation: IBS solutions		Consolidated	
	2007	2006	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	<u>38,203</u>	<u>6,582</u>	<u>4,834</u>	<u>9,732</u>	<u>43,037</u>	<u>16,314</u>
Segment liabilities	<u>6,928</u>	<u>491</u>	<u>2,003</u>	<u>2,226</u>	<u>8,931</u>	<u>2,717</u>
Other segment information:						
Depreciation of property, plant and equipment	90	61	133	148	223	209
Amortisation of – land lease premium	73	–	–	–	73	–
Bad debts written off	–	–	–	3,050	–	3,050
Other non-cash expenses						
– Impairment of trade and other receivables	–	–	3,187	1,700	3,187	1,700
Capital expenditure	<u>7,068</u>	<u>–</u>	<u>8</u>	<u>13</u>	<u>7,076</u>	<u>13</u>

**b) Geographical segments**

	Hong Kong		PRC		Consolidated	
	2007	2006	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:						
Turnover	<u>1,397</u>	<u>4,511</u>	<u>10,055</u>	<u>–</u>	<u>11,452</u>	<u>4,511</u>
Other segment information:						
Segment assets	<u>22,780</u>	<u>13,549</u>	<u>20,257</u>	<u>2,765</u>	<u>43,037</u>	<u>16,314</u>
Capital expenditure	<u>39</u>	<u>13</u>	<u>7,037</u>	<u>–</u>	<u>7,076</u>	<u>13</u>

## 6. INCOME TAX IN THE CONSOLIDATED STATEMENT

### a) Income tax in the consolidated income statement represents:

	Continuing operations		Discontinued operations		Consolidated	
	2007	2006	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Under/(over) provision in prior years:						
Hong Kong	-	-	(60)	181	(60)	181
PRC enterprise income tax	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>(60)</u>	<u>181</u>	<u>(60)</u>	<u>181</u>

Hong Kong Profits Tax is calculated at 17.5% (2006: 17.5%) of the estimated profit for the year.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

On 16 March 2007, the People's Republic of China promulgated the Law of the People's Republic of China on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the People's Republic of China. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. The New Law and Implementation Regulations will change the tax rate from 33% to 25% for a subsidiary from 1 January 2008. The deferred tax balance has been adjusted to reflect the tax rates that are expected to apply to the respective periods when the asset is realized or the liability is settled (adjust as appropriate).

**b) Reconciliation between tax expense and accounting profit at the applicable tax rates:**

	<b>2007</b> <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Loss before tax:		
Continuing operations	<b>(3,269)</b>	(2,036)
Discontinuing operations	<b>(4,898)</b>	(7,009)
	<u><b>(8,167)</b></u>	<u>(9,045)</u>
Notional tax on profit before taxation, calculated at the rates applicable to profits in the tax jurisdictions concerned	<b>(1,386)</b>	(1,583)
Tax effect of non-deductible expenses	<b>617</b>	334
Tax effect of non-taxable income	<b>(131)</b>	(49)
Tax effect of profits entitled to tax redemption in the PRC	<b>75</b>	–
Tax effect of prior year's temporary differences recognised this year	–	15
Tax effect of unused tax losses not recognised	<b>825</b>	1,283
Under/(over) provision in prior years	<b>(60)</b>	181
Actual tax expense/(credit)	<u><b>(60)</b></u>	<u>181</u>

**7. LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY**

The consolidated loss attributable to equity holders includes a loss of approximately of HK\$7,610,000 (2006: HK\$8,858,000) which has been dealt with in the financial statements of the Company.

**8. LOSS PER SHARE**

**For continuing and discontinued operations**

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

	<b>2007</b> <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Loss:		
Loss for the purpose of basic loss per share (loss for the year attributable to equity holders of the Company)	<u><b>8,107</b></u>	<u>9,226</u>

	<b>2007</b> <i>HK\$'000</i>	2006 <i>HK\$'000</i> (restated)
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic loss per share	<u><b>97,570</b></u>	<u>56,928</u>

Pursuant to an ordinary resolution passed at an extraordinary general meeting of the Company held on 10 April 2007, every ten issued and unissued ordinary shares of HK\$0.01 each (“Shares”) were consolidated into one new ordinary share of HK\$0.1 (“New Share”) in the capital of the Company with effect from 10 April 2007 (the “Share Consolidation”). Upon the Share Consolidation becoming effective on 10 April 2007, the authorised share capital of the Company became divided into 1,000,000,000 New Shares, of which 67,500,000 New Shares are in issue and fully paid. The New Shares rank pari passu in all respects with each other. The weighted average number of ordinary shares in 2006 for the purposes of calculating the basic and diluted loss per share have been retrospectively adjusted for the ten-to-one Share Consolidation which took place in April 2007.

### **For continuing operations**

The calculation of the basic and diluted loss per share from continuing operations attributable to the ordinary equity holders of the Company is based on the following data:

Loss figures are calculated as follows:

	<b>2007</b> <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Loss for the year attributable to equity holders of the Company	<b>8,107</b>	9,226
Less:		
Loss for the year from discontinued operations	<u><b>4,838</b></u>	<u>7,190</u>
Loss for the purpose of calculating basic loss per share from continuing operations	<u><b>3,269</b></u>	<u>2,036</u>

The denominators used are the same as those detailed above for both basic and diluted loss per share.

### **For discontinued operations**

Basic loss per share for the discontinued operations is HK\$4.9 cents per share (2006: HK\$12.6 cents per share) based on the loss for the year from the discontinued operations of HK\$4,838,000 (2006: HK\$7,190,000) and the denominators detailed above for both basic and diluted loss per share.

## **9 DIVIDENDS**

The directors do not recommend the payment of any dividend in respect of the year ended 31st December, 2007 (2006: Nil).

## 10. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

The assets and liabilities related to Innovis Technology Limited have been presented as held for sale following the approval of the shareholders on 2nd January, 2008. The completion date for the transaction was on 17th March, 2008.

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Operation cash flows	(116)	2,953
Investing cash flows	22	(13)
Financing cash flows	69	(5,706)
<b>Total cash flows</b>	<b>(25)</b>	<b>(2,766)</b>

### (a) Non-current assets classified as held for sale

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Property, plant and equipment	29	–
Trade and other receivables	1,979	–
Amount due from related company	1,726	–
Available-for-sale financial assets	917	–
Bank balances and cash	183	–
Assets of IBS solutions business classified as held for sale	<b>4,834</b>	<b>–</b>

### (b) Liabilities directly associated with non-current assets classified as held for sale

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Trade and other payables	1,191	–
Amount due to a director	1	–
Amount due to a related company	442	–
Amount due to immediate holding company	369	–
Liabilities of IBS solutions business classified as held for sale	<b>2,003</b>	<b>–</b>

(c) **Analysis of the result of discontinued operations, and the result recognised on the remeasurement of assets or disposal group, is as follows:**

	<b>2007</b> <i>HK\$'000</i>	2006 <i>HK\$'000</i>
<b>Loss for the year from discontinued operations</b>		
Revenue and other income	<b>1,969</b>	4,710
Expenses	<u><b>(6,417)</b></u>	<u>(11,719)</u>
Loss before tax	<b>(4,448)</b>	(7,009)
Income tax credit (expense)	<u><b>60</b></u>	<u>(181)</u>
	<u><b>(4,388)</b></u>	<u>(7,190)</u>
Loss on remeasurement to fair value less costs to sell	<u><b>(450)</b></u>	<u>–</u>
Loss for the year from discontinued operations	<u><b>(4,838)</b></u>	<u>(7,190)</u>

**11. TRADE AND OTHER RECEIVABLES**

	<b>2007</b> <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Retention money receivable	–	596
Trade receivables	<b>9,393</b>	2,802
Bills receivables	<u><b>561</b></u>	<u>–</u>
	<b>9,954</b>	3,398
Professional fee directly attributable to very substantial acquisition	<b>2,144</b>	–
Prepayments, deposits and other receivables	<u><b>2,926</b></u>	<u>2,663</u>
	<b>15,024</b>	6,061
Portion classified as current assets	<u><b>(15,024)</b></u>	<u>(5,498)</u>
Non-current portion (Retention money receivable)	<u><b>–</b></u>	<u>563</u>

a) **The ageing analysis of the trade, retention money and bills receivables is as follows:**

	<b>2007</b> <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Within 3 months	<b>4,316</b>	218
Over 3 months but within 6 months	<b>5,638</b>	6
Over 6 months but within 1 year	–	432
Over 1 year	–	5,982
	<b>9,954</b>	6,638
Less: Impairment loss on trade receivables	–	(3,240)
	<b><u>9,954</u></b>	<b><u>3,398</u></b>

b) The normal credit period granted to the customers of the Group is 60 to 90 days (2006: 60 to 90 days). Impairment loss on trade receivables was made and thereafter written off when collection of full amount was no longer probable. Bad debts are written off as incurred.

c) Included in trade and bills receivables in the balance sheet are mainly the following amounts denominated in a currency other than the functional currency of the Company to which they relate:

	<b>2007</b> <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Renminbi (“RMB”)	<b><u>9,311</u></b>	<u>–</u>

d) The movement of impairment loss on trade receivables is as follows:

	<b>2007</b> <i>HK\$'000</i>	2006 <i>HK\$'000</i>
At 1 January	<b>3,240</b>	1,540
Impairment loss recognised during the year	<b>2,687</b>	1,700
Reclassified as held for sale	<b>(5,927)</b>	–
At 31 December	<b><u>–</u></b>	<b><u>3,240</u></b>



e) Trade debtors and bills receivable that are not impaired

The ageing analysis of trade debtors and bills receivable that are neither individually nor collectively considered to be impaired are as follows:

	<b>2007</b> <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Neither past due nor impaired	<b>4,546</b>	218
Less than 6 month past due	<b>5,408</b>	6
6 months to 1 year past due	–	432
Over 1 year past due	–	5,982
	<u><b>5,408</b></u>	<u>6,420</u>
	<u><b>9,954</b></u>	<u>6,638</u>

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The group does not hold any collateral over these balances.

## 12. TRADE AND OTHER PAYABLES

	<b>2007</b> <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Trade payables	<b>4,485</b>	1,118
Payable for lease premium for land	<b>1,090</b>	–
Other payables	<u><b>1,353</b></u>	<u>1,005</u>
Financial liabilities measured at amortised cost	<u><b>6,928</b></u>	<u>2,123</u>

The following is an aging analysis of trade payables:

	<b>2007</b> <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Within 3 months	<b>741</b>	42
Over 3 months but within 6 months	<b>3,744</b>	24
Over 6 months but within 1 year	–	16
Over 1 year	–	1,036
	<u><b>4,485</b></u>	<u>1,118</u>

## **FINANCIAL REVIEW**

For year under review, the Group was principally engaged in the IBS Solutions and maintenance and the sales of packaging materials. The Group recorded a total turnover of approximately HK\$11,452,000 (2006: HK\$4,511,000), representing an increase of approximately 154% as compared with that for the corresponding year in 2006. Loss attributable to shareholders was approximately HK\$8,107,000 (2006: HK\$9,226,000), representing a decrease of approximately 12% as compared with that for the corresponding year in 2006.

## **BUSINESS REVIEW**

Over the recent years, the Group has constantly suffered from profit setbacks with newly-constructed buildings of the construction sector in the territory showing no sign of increase.

The Group was operating in the IBS industry where intense competition existed and industry players adopted price was strategy in bidding IBS contracts.

In view of continuous loss of IBS business that has brought an adverse impact on the Group's overall results. The Group has disposed the IBS business on 17th March, 2008.

### **Business outlook**

The Group acquired two EPS packaging businesses on 2nd January, 2008. Driven by China's strong economic growth and improving living standards, the demand for electrical products has been increasing. The cushion packaging materials is an inseparable part of packaging services required in the transportation of electrical products. Among the cushion packaging materials, the expandable polystyrene "EPS" packaging materials are by far the most widely used and have a high market share in the cushion packaging materials market.

The Acquired packaging businesses provide a good mix of cushion packaging solutions. They comprise of companies with sound track record of manufacturing and sales of EPS and paper honeycomb packaging materials, as well as companies providing design and mould production services. They have established a clientele comprising certain famous electrical appliances manufacturers in the PRC.

Hence, the Directors are optimistic on the business prospects and future growth of the EPS packaging industry.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 31st December, 2007, the Group had net current assets of approximately HK\$35,967,000 (2006: HK\$14,400,000) of which approximately nil and HK\$15,823,000 (2006: approximately HK\$2,376,000 and HK\$6,417,000) were pledged bank deposits and cash and cash equivalents respectively. The Directors are confident that the Group's existing financial resources will be sufficient to satisfy its commitments and working capital requirements.

## **EMPLOYEES**

As at 31st December, 2007, the Group had a total of around 29 (2006: 14) staff based in PRC and Hong Kong. The Group remunerates its employees based on their performance, experience and the prevailing industry practice.

## **CAPITAL STRUCTURE**

As at 31st December, 2007, the Group's net assets were financed by internal resources through share capital and reserves. Total equity attributable to shareholders was approximately HK\$34,106,000 as at 31st December, 2007, representing an increase of approximately 151% over last year.

## **SIGNIFICANT INVESTMENTS**

There were no significant investments held by the Group as at 31st December, 2007.

## **CAPITAL COMMITMENT**

The group's capital commitment outstanding at the year ended and contracted but not provided for in the financial statements is HK\$182,250,000 (2006: HK\$3,360,000).

## **VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTIONS INVOLVING THE ISSUE OF CONSIDERATION SHARES AND VERY SUBSTANTIAL DISPOSAL**

On 13th November, 2007, the Group entered into the Wisdom Sun Acquisition Agreement with Ms. Sam Mei Wa, the spouse of Mr. Chao Pang Fei pursuant to the which the Group will conditionally acquire from Ms. Sam 100% interest in Wisdom Sun at a total consideration of HK\$171,965,517.

The Wisdom Sun Consideration will be satisfied as to (i) HK\$38,000,000 in cash (ii) HK\$133,965,517 by the allotment and issue of an aggregate of 120,689,655 Wisdom Sun Consideration Shares at an issue price of HK\$1.11 each by the Company to Haijing Holdings Limited. Details of the Wisdom Sun Acquisition were set out in the Company's circular dated 17th December 2007 and the ordinary resolution of shareholders had been passed on 2nd January 2008. The Wisdom Sun Acquisition had been completed on 4th January 2008.

On 13th November, 2007, the Group entered into the Dragon Vault Acquisition Agreement with Mr. Chao Pang Fei, pursuant to which the Group will conditionally acquire from Mr. Chao 100% interest in Dragon Vault at a total consideration of HK\$7,000,000 to be satisfied by cash. Details of the Dragon Vault Acquisition were set out in the Company's circular dated 17th December 2007 and the ordinary resolution of shareholder had been passed on 2nd January 2008. The Dragon Vault Acquisition had been completed on 2nd January 2008.

On 13th November, 2007, the Group entered into the Disposal Agreement with Mr. Andy Lam, pursuant to which the Group will conditionally dispose of 100% interest in Innovis Technology Limited to Mr. Andy Lam at a total consideration of HK\$50,000 in cash. Details of the Disposal were set out in the Company's circular dated 17th December 2007 and the ordinary resolution of shareholders had been passed on 2nd January 2008. The Disposal had been completed on 17th March 2008.

Save for the disclosed above, the Group did not have any material acquisitions, disposals and future plans for material investments during the year under review.

## **PLEDGE OF ASSETS OF THE GROUP**

As at 31st December, 2007, no pledge of assets was charged by the Group (2006: HK\$2,376,000).

## **CONTINGENT LIABILITIES**

At as 31st December, 2007, the Group did not have any significant contingent liabilities (2006: Nil).

## **GEARING RATIO**

As at 31st December, 2007, the Group had a net cash and cash equivalents position of approximately HK\$15,823,000 (2006: HK\$6,417,000). The Group had no gearing as at 31st December, 2007. (2006: Nil).

## **HEDGING**

Most of the transactions of the Group are denominated in Hong Kong Dollars, United States Dollars and Renminbi, no hedging or other arrangements to reduce the currency risk have been implemented.

## **COMPETING INTERESTS**

As at 31st December, 2007, 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.

## **PRE-EMPTIVE RIGHTS**

There are no provisions for pre-emptive rights under the Company's Articles of Association, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

## **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY**

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the listed securities of the Company during the year.

## **CORPORATE GOVERNANCE REPORT**

The Company complied with Code on Corporate Governance Practices (the “CG Code”) of the GEM Listing Rules throughs at the year ended 31st December, 2007 with the exception of deviation for Code Provision A.2.1.

Code Provision A.2.1 stipulates 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 department 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. The Board also believes that the current structure provides the Company with strong and consistent leadership and allows for effective and efficient planning and implementation of business decisions and strategies. It is in the best interest of the Group to maintain the current practice for continuous efficient operations and development of the Group.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 (the “Required Standard of Dealings”) of the GEM Rules.

Specific enquiry has been made of all the directors and the directors have confirmed that they have complied with the Required Standard of Dealings throughout the year ended 31st December, 2007.

## **AUDIT COMMITTEE**

The Company had established an audit committee in compliance with Rule 5.28 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting and internal control procedures of the Group. The audit committee for the period from 1st January, 2007 to 14th January, 2008 comprised three members, Mr. Chen Weirong, Mr. Cheng Yun Ming, Matthew and Mr. Sin Ka Man, who are Independent Non-Executive Directors of the Company.

With effect from 15th January, 2008, the audit committee comprises Mr. Ho Ka Wing, Sammy, Mr. Cheng Yun Ming, Matthew and Mr. Sin Ka Man, who are Independent Non-Executive Directors of the Company.

During the year, the audit committee held four meetings to review and comment on the Company’s 2006 annual report, 2007 half-yearly report and quarterly reports as well as the Company’s internal control procedures.

The Group’s annual results for the year ended 31st December, 2007 were 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 were made.

## **SCOPE OF WORK OF CCIF CPA LIMITED**

The figures in respect of the Group's consolidated balance sheet, consolidated income statement and the related notes thereto for the year ended 31 December 2007 as set out in the preliminary announcement have been agreed by the Group's auditor, CCIF CPA Limited, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by CCIF CPA Limited 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 CCIF CPA Limited on the preliminary announcement.

## **APPRECIATION**

On behalf of the Board, I would like to take this opportunity to thank our shareholders for their continued support during 2007 and all staff for their hard work. We look forward to a prosperous 2008, generating higher investment returns to our shareholders.

On behalf of the board

**Chao Pang Fei**

*Chairman*

Hong Kong, 20th March 2008

*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. Lan Yu Ping (non-executive Director), Mr. Ho Ka Wing, Sammy (independent non-executive Director), Mr. Cheng Yun Ming, Matthew (independent non-executive Director) and Mr. Sin Ka Man (independent non-executive Director).*