



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)

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective 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 characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement, for which the directors (the “Directors”) of Sino Haijing Holdings Limited (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 (the “GEM Listing Rules”) 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: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

FIRST QUARTER UNAUDITED RESULTS

The board of Directors (the “Board”) of the Company is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the three months ended 31 March, 2007, together with the comparative unaudited figures for the corresponding period in 2006 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

	<i>Notes</i>	Three months ended 31 March, 2007 HK\$'000	Three months ended 31 March, 2006 HK\$'000
Turnover	2	545	2,429
Cost of sales		<u>578</u>	<u>(1,517)</u>
Gross (loss)/profit		(33)	912
Other income		56	29
Administrative and other operating expenses		<u>(1,776)</u>	<u>(1,141)</u>
Operating loss		(1,753)	(200)
Finance costs		<u>(15)</u>	<u>(33)</u>
Loss before taxation		(1,768)	(233)
Taxation	3	<u>—</u>	<u>—</u>
Loss attributable to shareholders		<u>(1,768)</u>	<u>(233)</u>
Dividend	4	<u>—</u>	<u>—</u>
Loss per share – Basic	5	<u>(0.3) cents</u>	<u>(0.05) cents</u>

Notes:

1. Basis of preparation and principal accounting policies

The unaudited condensed consolidated financial statements for the three months ended 31 March 2007 (the “Period”) have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which also include Hong Kong Accounting Standards (“HKASs”) 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 Chapter 18 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “GEM Listing Rules”).

The unaudited condensed consolidated financial statements have been prepared under the historical cost convention, except for the available-for-sale financial assets that have been measured at fair value, the principal accounting policies and method of computations use in the preparation of the unaudited condensed consolidated financial statements are consistent with those used in the preparation of the Group’s financial statements for the year ended 31 December 2006.

The Group has adopted the following standards that have been issued and effective for the periods beginning on or after 1 January 2007. The adoption of such standards did not have material effect on these financial statements.

HKFRS 7 Financial instruments: disclosures

HKAS 1 (Amendment) Presentation of financial statements: capital disclosures

The Group’s unaudited condensed consolidated quarterly results has not been audited by the Company’s auditors but has been reviewed by the Company’s Audit Committee.

2. Turnover

Turnover for the period ended 31 March, 2007 represents revenue recognized from the provision of Intelligent Building Services (IBS) solutions and maintenance and the net invoiced value of goods sold. An analysis of the Group’s turnover is set out below:

	Three months ended 31 March, 2007 HK\$’000 (unaudited)	Three months ended 31 March, 2006 HK\$’000 (unaudited)
IBS solutions and maintenance	338	2, 429
Sales of packaging materials	207	–
	<u>545</u>	<u>2, 429</u>

3. Taxation

Taxation represents provision for Hong Kong profits tax at the rate of 17.5% (2006: 17.5%) on the respective estimated assessable profits of the companies within the group operating in Hong Kong for the year. Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

No provision for Hong Kong profits tax and overseas tax has been made in the accounts as the Group does not have any assessable profit for the three months ended 31 March 2007 (2006: Nil).

4. Dividend

For the three months ended 31 March, 2007, the Board does not recommend the payment of a dividend (2006: Nil).

5. Loss per share

Loss per share for the three months ended 31 March, 2007 for the corresponding period in 2006 was calculated based on the following figures:

	Three months ended 31 March, 2007 HK\$'000 (unaudited)	Three months ended 31 March, 2006 HK\$'000 (unaudited)
Unaudited consolidated loss attributable to shareholders	<u><u>(1,768)</u></u>	<u><u>(233)</u></u>
Weighted average number of shares		
– Basic	<u><u>675,000,000</u></u>	<u><u>481,250,000</u></u>
Loss per share		
– Basic	<u><u>(0.3) cents</u></u>	<u><u>(0.05) cents</u></u>

6. Reserves

There were no transfers to or from reserves of the Group other than those reflected in the results, for the three months ended 31 March, 2007 and 2006.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the three months ended 31 March, 2007, the Group recorded a turnover of approximately HK\$0.55 million, representing a decline of approximately 77.6% as compared to approximately HK\$2.43 million for the corresponding period in 2006. Loss attributable to shareholders for the three months ended 31 March, 2007 of was approximately HK\$1.77 million as compared to loss attributable to shareholders of approximately HK\$0.23 million for the corresponding period in 2006.

The increase in loss attributable to shareholders was due to fierce competition in IBS industry which remained serious, and which led to continuous decline in gross profit margin of projects as a result of price-cutting strategies adopted by IBS competitors. To minimize the increasing of the loss, the management will reorganize the customer structure, and put more efforts to recover the overdue payments by negotiating with individual customers, and if necessary, will suspend services provided to them temporarily so as to seek a quick solutions to the matters.

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. To foster a sustainable development, in addition to strengthening existing business, the Company has designed an educational-related intelligent system targeted at international schools with stronger spending power, with a vision to establishing a larger market share in these economically synergetic markets.

In addition, the Group is continuously investigating intelligent control solutions for air-conditioning systems and lighting systems, which are widely applicable on the existing commercial buildings, schools and car parks, in association with a number of energy-saving system companies.

BUSINESS OUTLOOK

The Directors consider that recent signs of recovery in the Hong Kong economy did not have any positive impact on the growth of the building and construction industry in Hong Kong, its growth remained stagnant, as such, the Directors anticipate a continual sluggish demand for both IBS products and services in the immediate future. Moreover, the price-cutting strategies adopted by IBS competitors have resulted in an increasingly difficult environment for the industry. To cope with the challenge, the Group has initiated a series of active promotion measures in attempt to strengthen its competitiveness and income generating ability.

Up to now, deferrals in clients payment remain the most serious problem for the Group. Extensive efforts were made to collect the overdue payments, including proactively approaching individual clients for payment arrangement, in order to speed up their process of repayment. After formulating solutions for client reorganization programme, the Group has identified new potential companies and clients with stronger financial base, while existing clients with prolonged records of defaulted payments are abandoned. Confronted with the deeply rooted problem of delayed payment for the whole industry, the Group strives to minimize the extent of this problem by adopting the above mentioned measures.

The Group's profit enhancement efforts have not gained proven results and do not offset the existing industrial difficulties. Accordingly, the Group actively extends its IBS products to applications in other similar sectors. To optimize the prevailing operating environment, inter alia, substantial resources were deployed to develop the Logistics Intelligent System solutions. In light of the rapidly growing domestic logistics industry, the combination of intelligent systems and software have enormous potentials for future development by being not the mainstream in the market place.

Moreover, to diversify the business risks associated in IBS industry so as to achieve continuous development and expansion, the Group will pursue business opportunity in the packaging industry. On 29 December, 2006, the Group entered into the S&P Agreement in relation to the acquisition of a land use right on the Land at the consideration of RMB3,398,100 (equivalent to approximately HK\$3.36 million). The Land will be used for the construction of production plant of the Group for the manufacture of paper products and packaging materials. As at 31 March 2007, the Group has paid 70% of the said consideration and the application for the land use right certificate of the land is in progress.

On 8 March 2007, the Board announced that, among other things, subject to the Share Consolidation becoming effective and the fulfillment of the conditions of the Rights Issue, the Company proposed to raise approximately HK\$10.1 million before expenses by a rights issue of 33,750,000 Rights Shares at a subscription price of HK\$0.30 per Rights Share, payable in full on application, on the basis of one Rights Share for every two Consolidated Shares held on the Record Date.

The resolutions set out in the notice of EGM in relation to the Share Consolidation were duly passed at the EGM. The Share Consolidation became effective at 4:00 p.m. on Tuesday, 10 April 2007.

The estimated net proceeds of the Rights Issue are expected to be HK\$9.7 million. The Company plans to use the net proceeds as to HK\$8 million to fund the construction of production plant and purchase of machinery and equipment and HK\$1.7 million as working capital for the operation of such plant.

The Rights Issue was duly completed on 3 May 2007.

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

As at 31 March 2007, 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	Type of interests	Number of Shares held	Approximate percentage of shareholding
Mr. Chao Pang Fei ("Mr. Chao")	Interest of a controlled corporation	345,729,000 (or 34,572,900 Consolidated Shares immediately after the Share Consolidation) (<i>Note</i>)	51.22%

Note:

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.

The ordinary resolutions in relation to the Share Consolidation pursuant to which every ten (10) issued Shares be consolidated into one (1) Consolidated Share were duly passed by the Shareholders on a show of hands at the EGM held on 10 April 2007.

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

Save as disclosed herein, as at 31 March 2007, none of the 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 DIVISIONS 2 AND 3 OF PART XV OF THE SFO AND SUBSTANTIAL SHAREHOLDING

So far as is known to any Director or chief executive of the Company, as at 31 March 2007, 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 provisions 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	Type of interests	Number of shares	Approximate percentage of interests
Haijing (<i>Note</i>)	Beneficial owner	345,729,000 (or 34,572,900 Consolidated Shares immediately after the Share Consolidation)	51.22%

Note:

Haijing is a company incorporated in the BVI and is wholly owned by Mr. Chao. Mr. Chao is also the sole director of Haijing. On 7 March 2007, the Company and Haijing entered into the Underwriting Agreement pursuant to which Haijing (as an underwriter) agrees to underwrite 16,463,550 Rights Shares. In addition, pursuant to the Underwriting Agreement, Haijing has irrevocably undertaken to subscribe for (or procure the subscription of) its pro-rata entitlement to 17,286,450 Rights Shares under the Rights Issue.

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

So far as the Directors are aware, save as disclosed herein, no persons have short position in the shares or underlying shares of equity derivatives of the Company.

COMPETING INTERESTS

As at 31 March 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.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all directors of the Company, all Directors confirm that they complied with such code of conduct throughout the three months ended 31 March 2007.

PURCHASE, DISPOSAL OR REDEMPTION OF SECURITIES

During the three months ended 31 March 2007, 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 requirements 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. Chen Weirong, Mr. Cheng Yun Ming, Matthew and Mr. Sin Ka Man.

The Group's unaudited condensed consolidated results for the three months ended 31 March 2007 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
SINO HAIJING HOLDINGS LIMITED
CHAO PANG FEI
Chairman

Hong Kong, 14 May 2007

As at the date of this announcement, Mr. Chao Pang Fei, Ms. Hui Hongyan and Mr. Tsang Hon Chung are the executive Directors and Mr. Lan Yu Ping is the non-executive Director and Mr. Chen Weirong, Mr. Cheng Yun Ming, Matthew and Mr. Sin Ka Man are the independent non-executive Directors.

This announcement will remain on the website of GEM (www.hkgem.com) on the "Latest Company Announcement" page for at least 7 days from the date of its posting.