THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this prospectus or as to what action to take, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other independent professional advisers.

If you have sold or transferred all your shares in Sino Haijing Holdings Limited (the "Company"), you should at once hand the Prospectus Documents (as defined herein) to the purchaser or transferee, or to the bank, the licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

A copy of each of the Prospectus Documents and the written consent(s) referred to under the paragraph headed "Qualification and consent of expert" in Appendix III to this prospectus, has been registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong). The SFC (as defined herein) and the Registrar of Companies in Hong Kong take no responsibility for the contents of any of these documents.

Dealings in the securities of the Company and the Rights Shares (as defined herein) in their nil-paid and fully-paid forms may be settled through CCASS (as defined herein) and you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser for details of the settlement arrangements and how such arrangements may affect your rights and interests.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms on the Stock Exchange (as defined herein) as well as compliance with the stock admission requirements of HKSCC (as defined herein), the Rights Shares in their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement date of dealings in the Rights Shares in their nil-paid and fully-paid forms or such other dates as determined by HKSCC. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

The Stock Exchange takes no responsibility for the contents of this prospectus, 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 prospectus.

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)

RIGHTS ISSUE OF 33,750,000 RIGHTS SHARES AT HK$0.30 PER RIGHTS SHARE ON THE BASIS OF ONE RIGHTS SHARE FOR EVERY TWO CONSOLIDATED SHARES HELD ON THE RECORD DATE PAYABLE IN FULL ON APPLICATION

Financial adviser to the Company

HANTEC CAPITAL LIMITED

The latest time for acceptance and payment for the Rights Shares is 4:00 p.m. (Hong Kong time) on Wednesday, 25 April 2007. The procedure for acceptance or transfer of the Rights Shares and payment are set out on pages 19 to 20 of this prospectus.

If prior to the Latest Time for Termination (as defined herein), in the absolute opinion of the Underwriter (as defined herein):

(a) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which materially and adversely affect the business or the financial or trading position or prospects of the Group (as defined herein) as a whole; or

(b) the occurrence of any local, national or international event or change, whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement (as defined herein), of a political, military, financial, economic or other nature, or in the nature of any local national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities market which may, materially as a whole and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or

(c) any material adverse change in the business or in the financial or trading position or prospects of the Group; or

(d) any material and adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, and a change in currency conditions includes a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States of America) occurs which makes it inexpedient or inadvisable to proceed with the Rights Issue (as defined herein); and

(e) the prospectus to be issued in relation to the Rights Issue when published contain information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the GEM Listing Rules or any applicable regulations) which had not prior to the date of the Underwriting Agreement been publicly announced or published by the Company and which may be material to the Group as a whole and is likely to affect materially and adversely the success of the Rights Issue or might cause a prudent investor not to accept the Rights Shares provisionally allotted to it,

the Underwriter may terminate the Underwriting Agreement. If the Underwriter terminates the Underwriting Agreement, then the Rights Issue will not proceed.

The Underwriter shall also be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

(a) any material breach of any of the warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriter; or

(b) any event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date hereof would have rendered any of the warranties contained in the Underwriting Agreement untrue or incorrect in any respect comes to the knowledge of the Underwriter.

Shareholders (as defined herein) should note that the Shares (as defined herein) have been dealt with on an ex-rights basis since Thursday, 29 March 2007. Dealings in the Rights Shares in nil-paid form will take place from Friday, 13 April 2007 to Friday, 20 April 2007 (both dates inclusive). Any person dealing in the Shares, the Consolidated Shares and/or nil-paid Rights Shares during such periods shall bear the risk that the Rights Issue may not become unconditional and may not proceed. If in any doubt, investors should consider seeking professional advice.

11 April 2007

CHARACTERISTICS OF GEM

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.

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 is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website at www.hkgem.com in order to obtain up-to-date information on GEM-listed issuers.

CONTENTS

In this prospectus, unless the context otherwise requires, the following expressions have the following meanings:

"Announcement"	:	the announcement of the Company dated 8 March 2007 relating to, among other things, the proposed Share Consolidation and the proposed Rights Issue
"associate(s)"	:	has the meaning ascribed to it under the GEM Listing Rules
"Board"	:	the board of Directors of the Company
"Business Day"	:	any day (excluding a Saturday) on which banks generally open for business in Hong Kong
"CCASS"	:	the Central Clearing and Settlement System established and operated by HKSCC
"Companies Ordinance"	:	The Companies Ordinance, Chapter 32 of the laws of Hong Kong
"Company"	:	Sino Haijing Holdings Limited, a limited liability company incorporated in Cayman Islands and the shares of which are listed on GEM
"Consolidated Share(s)"	:	share(s) of HK$0.10 each in the share capital of the Company after the Share Consolidation becoming effective
"Controlling Shareholder" or "Underwriter"	:	Haijing Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and is wholly owned by Mr. Chao Pang Fei, an executive Director and is beneficially interested in approximately 51.22% of the issued share capital of the Company within the meaning of Part XV of SFO as at the Latest Practicable Date
"Director(s)"	:	director(s) of the Company
"EAF(s)"	:	the excess application form(s) to be issued in connection with the Rights Issue
"EGM"	:	the extraordinary general meeting of the Company held on 10:00 a.m., Tuesday, 10 April 2007 to approve the Share Consolidation
"GEM"	:	The Growth Enterprise Market of the Stock Exchange
"GEM Listing Rules"	:	the Rules Governing the Listing of Securities on GEM

"Group"	:	the Company and its subsidiaries
"HKSCC"	:	Hong Kong Securities Clearing Company Limited
"Hong Kong"	:	Hong Kong Special Administrative Region of the People's Republic of China
"IBS"	:	acronym for intelligent building system
"Land"	:	a piece of land, situated at the south of Woyun Road, at the west of Yuping Road and at the north of Fongxing Road, Taohua Industrial Base, Hefei Economic and Technological Development Zone, Hefei City, Anhui Province, the PRC, to be acquired under the S&P Agreement
"Last Trading Day"	:	7 March 2007, being the last trading day prior to the suspension of trading in the Shares on GEM pending the release of the Announcement
"Latest Practicable Date"	:	Wednesday, 4 April 2007, being the Latest Practicable Date prior to the printing of this prospectus for the purpose of ascertaining certain information contained herein
"Latest Time for Termination"	:	4:00 p.m. on the second Business Day after the latest date for acceptance of the Rights Shares
"Major Transaction"	:	the acquisition of the land use right of the Land under the S&P Agreement at a consideration of RMB3,398,100 (equivalent to approximately HK$3.36 million) together with the proposed construction of production plant and purchase of machinery and equipment, details of which are set out in the announcement of the Company dated 3 January 2007 and the circular of the Company dated 29 January 2007
"Non-Qualifying Shareholder(s)"	:	Shareholder(s) whose name(s) appear on the register of members of the Company as at the close of business on the Record Date and whose address(es) as shown on such register outside Hong Kong where the Directors, based on opinions provided by legal advisers, consider it necessary or expedient not to offer the Rights Shares to such Shareholders on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
"PAL(s)"	:	the provisional allotment letter(s) to be issued in connection with the Rights Issue

"Prospectus Documents"	:	this prospectus, PAL and EAF
"Prospectus Posting Date"	:	Wednesday, 11 April 2007 or such later date as the Underwriter may agree in writing with the Company
"Qualifying Shareholder(s)"	:	Shareholder(s), other than the Non-Qualifying Shareholders, whose names appear on the register of members of the Company at the close of business on the Record Date
"Record Date"	:	10 April 2007 being the date by reference to which entitlements to the Rights Issue were determined
"Registrar"	:	Tengis Limited, the Company's branch share registrar in Hong Kong at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong
"Rights Issue"	:	the issue by way of rights of one Rights Share for every two Consolidated Shares in issue on the Record Date at a price of HK$0.30 per Rights Share
"Rights Share(s)"	:	33,750,000 new Consolidated Share(s) to be issued and allotted under the Rights Issue
"S&P Agreement"	:	the sale and purchase agreement dated 29 December 2006 entered into between 合肥啟鵬紙製品有限公司 (Hefei Qi Peng Paper Products Company Limited), a wholly owned subsidiary of the Company, and 合肥經濟技術開發區桃花工業園管理委員會 (the Management Committee of Hefei Economic and Technological Development Zone Taohua Industrial Base) in relation to the Major Transaction
"SFC"	:	the Securities and Futures Commission of Hong Kong
"SFO"	:	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	:	ordinary share(s) of HK$0.01 in the share capital of the Company before the Share Consolidation becoming effective
"Share Consolidation"	:	the consolidation of every ten (10) Shares in the issued and unissued share capital of the Company into one (1) Consolidated Share in the issued and unissued share capital of the Company which became effective from 4:00 p.m. on 10 April 2007
"Shareholder(s)"	:	holder(s) of the Share(s) or, where the context requires, the Consolidated Shares

"Stock Exchange"	:	The Stock Exchange of Hong Kong Limited
"Subscription Price"	:	HK$0.30 per Rights Share payable under the Rights Issue
"Underwriting Agreement"	:	the underwriting agreement dated 7 March 2007 entered into between the Company and the Underwriter in relation to the underwriting and certain other arrangements in respect of the Rights Issue
"Underwritten Shares"	:	all the Rights Shares other than the 17,286,450 Rights Shares to be provisionally allotted to the Controlling Shareholder who has irrevocably undertaken to subscribe in the undertaking given by the Controlling Shareholder
"HK$"	:	Hong Kong dollars, the lawful currency of Hong Kong
"%"	:	per cent.

Note: For illustration purpose of this prospectus, exchange rate of RMB1.00 = HK$0.99 has been used for conversion.

The following information is derived from, and should be read in conjunction with, the full text of this prospectus:

Basis of the Rights Issue:	One Rights Share for every two Consolidated Shares held by the Qualifying Shareholders on the Record Date
Number of Consolidated Shares in issue:	67,500,000 Consolidated Shares as at the date of this prospectus
Number of Rights Shares to be issued:	33,750,000 Rights Shares
Subscription Price:	HK$0.30 per Rights Share payable in full on application with nominal value of HK$0.10 each
Basis of entitlement:	Rights Shares will be allotted in the proportion of one Rights Share for every two Consolidated Shares held by the Qualifying Shareholders on the Record Date
Underwriter:	the Controlling Shareholder
Number of Underwritten Shares:	16,463,550 Rights Shares
Undertaking of the Controlling Shareholder:	the Controlling Shareholder has irrevocably undertaken to subscribe for its pro-rata entitlement to 17,286,450 Rights Shares under the Rights Issue
Right of excess application:	the Qualifying Shareholders will have the right to apply for excess Rights Shares in addition to their provisional allotments
Amount to be raised by the Rights Issue:	approximately HK$10.1 million before expenses and approximately HK$9.7 million after deduction of expenses

	2007
Record Date	Tuesday, 10 April
Register of members re-opens	Wednesday, 11 April
First day of dealings in nil-paid Rights Shares	Friday, 13 April
Latest time for splitting of nil-paid Rights Shares	4:00 p.m., Tuesday, 17 April
Last day of dealings in nil-paid Rights Shares	Friday, 20 April
Latest time for payment and acceptance of Rights Shares	4:00 p.m., Wednesday, 25 April
Latest time for the Rights Issue to become unconditional	4:00 p.m., Friday, 27 April
Announcement of results of acceptance of and excess applications for the Rights Shares to be published on the GEM website	Wednesday, 2 May
Despatch of refund cheques for wholly and partially unsuccessful excess applications for excess Rights Shares	Thursday, 3 May
Despatch of certificates for fully-paid Rights Shares	Thursday, 3 May
Commencement of dealings in fully-paid Rights Shares	9:30 a.m., Monday, 7 May

Notes:

1. The latest time for acceptance of and payment for Rights Shares will not take place if there is:

   - a tropical cyclone warning signal number 8 or above, or
   - a "black" rainstorm warning

     (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the last date for acceptance of and payment for the Rights Shares. Instead the latest time of acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day;

     (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the last date for acceptance of and payment for the Rights Shares. Instead the latest time of acceptance of and payment for the Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m..

   If the latest time for acceptance of and payment for the Rights Shares does not take place on the last date for acceptance of and payment for the Rights Shares, the date mentioned in the section headed "Expected timetable" in this prospectus may be affected. An announcement will be made by the Company in such event.

2. All times in this Prospectus refer to Hong Kong time.

If prior to the Latest Time for Termination, in the absolute opinion of the Underwriter:

(a) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or

(b) the occurrence of any local, national or international event or change, whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement, of a political, military, financial, economic or other nature, or in the nature of any local national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities market which may, materially as a whole and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or

(c) any material adverse change in the business or in the financial or trading position or prospects of the Group; or

(d) any material and adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, and a change in currency conditions includes a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States of America) occurs which makes it inexpedient or inadvisable to proceed with the Rights Issue; and

(e) the prospectus to be issued in relation to the Rights Issue when published contain information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the GEM Listing Rules or any applicable regulations) which had not prior to the date of the Underwriting Agreement been publicly announced or published by the Company and which may be material to the Group as a whole and is likely to affect materially and adversely the success of the Rights Issue or might cause a prudent investor not to accept the Rights Shares provisionally allotted to it,

the Underwriter may terminate the Underwriting Agreement. If the Underwriter terminates the Underwriting Agreement, then the Rights Issue will not proceed.

The Underwriter shall also be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

(a) any material breach of any of the warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriter; or

(b) any event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date hereof would have rendered any of the warranties contained in the Underwriting Agreement untrue or incorrect in any respect comes to the knowledge of the Underwriter.

If the Underwriter terminates or rescinds the Underwriting Agreement, the Rights Issue will not proceed.

The Shares have been dealt with on an ex-rights basis from Thursday, 29 March 2007. Dealings in the Rights Shares in the nil-paid form will take place from Friday, 13 April 2007 to Friday, 20 April 2007 (both dates inclusive). If the conditions of the Rights Issue are not fulfilled or the Underwriting Agreement is terminated by the Underwriter, the Rights Issue will not proceed.

Any Shareholders or other persons contemplating selling or purchasing Shares, the Consolidated Shares and Rights Shares in their nil-paid form during the period from Friday, 13 April 2007 to Friday, 20 April 2007 (both dates inclusive) who are in any doubt about their position are recommended to consult their professional advisers. Any Shareholders or other persons dealing in the Shares or the Consolidated Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriter's right of termination of the Underwriting Agreement ceases) and any persons dealing in the nil-paid Rights Shares during the period from Friday, 13 April 2007 to Friday, 20 April 2007 (both dates inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

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)

Executive Directors:
Mr. Chao Pang Fei
Ms. Hui Hongyan
Mr. Tsang Hon Chung

Non-executive Director:
Mr. Lan Yu Ping

Independent non-executive Directors:
Mr. Chen Weirong
Mr. Cheng Yun Ming, Matthew
Mr. Sin Ka Man

Registered Office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head Office and principal place of business:
Room 2412, 24th Floor,
Wing On Centre,
111 Connaught Road Central
Hong Kong

11 April 2007

To the Shareholders

Dear Sir or Madam,

RIGHTS ISSUE OF 33,750,000 RIGHTS SHARES AT HK$0.30 PER RIGHTS SHARE ON THE BASIS OF ONE RIGHTS SHARE FOR EVERY TWO CONSOLIDATED SHARES HELD ON THE RECORD DATE PAYABLE IN FULL ON APPLICATION

INTRODUCTION

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 Company will send the Prospectus Documents to the Qualifying Shareholders only and this prospectus, for information only, to the Non-Qualifying Shareholders.

The purpose of this prospectus is to provide you with further details of the Rights Issue, including information on dealings and application for the Rights Shares and certain financial and other information of the Group.

RIGHTS ISSUE

Issue statistics

Basis of the Rights Issue:	One Rights Share for every two Consolidated Shares held by the Qualifying Shareholders on the Record Date
Number of Consolidated Shares in issue:	67,500,000 Consolidated Shares as at the date of this prospectus
Number of Rights Shares to be issued:	33,750,000 Rights Shares
Number of Underwritten Shares:	16,463,550 Rights Shares (representing about 16.3% of the issued share capital of the Company as enlarged by completion of the Rights Issue) the remaining 17,286,450 Rights Shares (being the pro rata entitlement of the Controlling Shareholder under the Rights Issue) will be taken up by the Controlling Shareholder pursuant to its undertaking described below
Subscription Price:	HK$0.30 per Rights Share payable in full on application with nominal value of HK$0.10 each

The nil-paid Rights Shares proposed to be provisionally allotted pursuant to the terms of the Rights Issue represents 50% of the Company's issued share capital upon the Share Consolidation becoming effective and approximately 33.33% of the Company's issued share capital as enlarged by the issue of Rights Shares.

As at the Latest Practicable Date, the Company does not have any outstanding options, warrants, or other convertible securities in issue which are convertible into the Shares.

The Company expects to raise about HK$10.1 million before expenses through the Rights Issue.

Subscription Price

The Subscription Price for the Rights Shares is HK$0.30 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, application for excess Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

(a) a discount of 60% to the closing price of HK$0.75 per Consolidated Share (based on the closing price of HK$0.075 per Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Share Consolidation);

(b) a discount of 50% to the theoretical ex-rights price of approximately HK$0.60 per Consolidated Share (based on the closing price of HK$0.075 per Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Share Consolidation);

(c) a discount of approximately 61.3% to the average closing price of approximately HK$0.775 per Consolidated Share (based on the average closing price of HK$0.0775 per Share for the ten trading days ended on the Last Trading Day and adjusted for the effect of the Share Consolidation);

(d) a premium of approximately 50.00% to the net asset value per Consolidated Share of HK$0.20 (based on the audited consolidated net asset value of the Group as at 31 December 2006 and the then issued Shares and adjusted for the effect of the Share Consolidation); and

(e) a discount of approximately 62.5% to the closing price of HK$0.8 per Consolidated Share as quoted on GEM on the Latest Practicable Date.

The Subscription Price was determined after arm's length negotiations between the Company and the Underwriter with reference to the market price of the Share under the prevailing market conditions. The Directors consider the terms of the Rights Issue, including the Subscription Price, to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

Qualifying Shareholders

The Company will send the Prospectus Documents to Qualifying Shareholders only.

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company at the close of business on the Record Date and must be a Qualifying Shareholder.

In order to be registered as members of the Company at the close of business on the Record Date, Shareholders must have lodged any transfers of Shares (together with the relevant share certificates) with the Registrar no later than 4:00 p.m. on Friday, 30 March 2007. The Shares have been dealt with on an ex-rights basis from Thursday, 29 March 2007.

Any Qualifying Shareholder who holds the Share as a nominee, trustee or registered holder in any other capacity will not be treated differently from any other registered holder. Any beneficial owner of the Shares whose Shares are registered in the name of a nominee, trustee or registered holder in any other capacity should make arrangements with such nominee, trustee or registered holder in relation to the Rights Issue. Any such person may consider whether it wishes to arrange for the registration of the relevant Shares in the name of the beneficial owner prior to the Record Date.

Closure of register of members

The register of members of the Company was closed from Monday, 2 April 2007 to Tuesday, 10 April 2007, both dates inclusive, to determine the eligibility of the Shareholders to the Rights Issue. No transfer of Shares was registered during this period.

Rights of Non-Qualifying Shareholders

The Prospectus Documents have not been registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. To determine the identities of the Non-Qualifying Shareholders and in compliance with Rule 17.41(1) of the GEM Listing Rules, the Company would make necessary enquiries regarding the legal restrictions (if any) under the laws of the relevant jurisdictions and the requirements of the relevant regulatory bodies or stock exchanges for the offer of the Rights Shares outside Hong Kong to the Non-Qualifying Shareholders and will only exclude the Non-Qualifying Shareholders for the Rights Issue if it would be necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place after making relevant enquiries.

The Company will send copies of the Prospectus to the Non-Qualifying Shareholders for their information only, but the Company will not send any PAL and EAF to the Non-Qualifying Shareholders.

Arrangements will be made for Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, of more than HK$100 will be paid pro rata to the Non-Qualifying Shareholders. The Company will retain individual amounts of HK$100 or less for the benefits of the Company. Any unsold entitlement of Non-Qualifying Shareholders, together with any Rights Shares provisionally allotted but not accepted, will be made available for excess application on EAFs by Qualifying Shareholders.

Having reviewed the register of members of the Company as at the Latest Practicable Date, no Shareholder has maintained an address located outside of Hong Kong. Hence, no Shareholder will be excluded from the Rights Issue.

Application for excess Rights Shares

Qualifying Shareholders may apply, by way of excess application, for any unsold entitlements of the Non-Qualifying Shareholders and for any Rights Shares provisionally allotted but not accepted.

Applications for excess Rights Shares may be made by completing the EAF and lodging the same with a separate remittance for the excess Rights Shares being applied for. The Directors will allocate the excess Rights Shares at their discretion on a fair and equitable basis but will give preference to the topping-up of odd lots to whole board lots of Shares. Shareholders with their Shares held by a nominee company should note that the Directors will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, Shareholders should note that the aforesaid arrangement in relation to the top-up of odd lots for allocation of excess Rights Shares will not be extended to the ultimate beneficial owners individually. Shareholders with their Shares held by a nominee company are advised to consider whether they would like to arrange for the registration of the relevant Shares in the name of beneficial owner(s) himself (themselves) prior to the Record Date.

Status of the Rights Shares

The Rights Shares, when allotted and fully paid, will rank pari passu in all respects with the Consolidated Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment of the Rights Shares in their fully-paid form.

Share certificates for the Rights Shares and refund cheques

Subject to the fulfillment of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares will be posted on or before Thursday, 3 May 2007 to those Shareholders who have validly applied for and paid for the Rights Shares, by ordinary post at their own risks. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares are also expected to be posted on or before Thursday, 3 May 2007, by ordinary post to the applicants at their own risk.

Fractional entitlements

Fractional entitlements for the nil-paid Rights Shares will not be issued but will be aggregated and sold, if a premium (net of expenses) can be obtained, for the benefit of the Company.

Listing and dealings of the Rights Shares

The Company has applied to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms to be issued and allotted pursuant to the Rights Issue.

Subject to the granting of listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms on the Stock Exchange, the Rights Shares in their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in their nil-paid and fully-paid forms on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Dealings in the Rights Shares in both their nil-paid and fully-paid forms, both in board lots of 10,000, which are registered in the branch register of members of the Company in Hong Kong will be subject to the payment of stamp duty in Hong Kong.

Conditions of the Rights Issue

The Rights Issue is conditional upon, among other things, each of the following events being fulfilled:

(a) the passing of a resolution by the Shareholders at the EGM to approve the Share Consolidation as contained in the notice of EGM, by no later than the Prospectus Posting Date;

(b) the delivery to the Stock Exchange and registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) not later than the Prospectus Posting Date and otherwise in compliance with the GEM Listing Rules and the Companies Ordinance;

(c) the posting of the Prospectus Documents to the Qualifying Shareholders on the Prospectus Posting Date;

(d) the GEM Listing Committee granting or agreeing to grant the listing of and permission to deal in the Rights Shares (in their nil-paid and fully-paid forms), either unconditionally or subject to conditions (if any) and not having withdrawn or revoked such listings and permission on or before the Latest Time for Termination; and

(e) compliance with and performance of all the undertakings and obligations of the Company and the Controlling Shareholder under the Underwriting Agreement.

In the event that the conditions of the Rights Issue are not fulfilled or waived on or before the second Business Day following the latest date for acceptance of the Rights Shares (or such later date as the Company and the Underwriter may agree), none of the Underwriter or the Company shall have any rights or be subject to any obligations arising from the Underwriting Agreement. The Rights Issue will not proceed accordingly. As at the Latest Practicable Date, the Underwriter had no present intention to waive any condition of the Rights Issue.

UNDERWRITING ARRANGEMENTS

Underwriting Agreement

Date:	7 March 2007
Underwriter:	the Controlling Shareholder
Number of Underwritten Shares:	16,463,550 Rights Shares (representing about 16.3% of the issued share capital of the Company as enlarged by completion of the Rights Issue) the remaining 17,286,450 Rights Shares (being the pro rata entitlement of the Controlling Shareholder under the Rights Issue) will be taken up by the Controlling Shareholder pursuant to its undertaking described below
Commission:	2.5% of the total Subscription Price of the Rights Shares underwritten by the Underwriter. The Directors consider that the underwriting commission of 2.5% is comparable with the market rate, on normal commercial terms and fair and reasonable

The Controlling Shareholder, a company incorporated in the British Virgin Islands with limited liability, is wholly-owned by Mr. Chao Pang Fei. As at the Latest Practicable Date, the Controlling Shareholder is interested in 345,729,000 Shares (or 34,572,900 Consolidated Shares immediately after the Share Consolidation), representing approximately 51.22% of the issued share capital of the Company within the meaning of Part XV of the SFO. It is an investment holding company and underwriting securities is not its normal business. The Controlling Shareholder agrees to underwrite the Rights Issue to show its support of the Rights Issue. In addition, pursuant to the Underwriting Agreement, the Controlling Shareholder 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.

Termination of the Underwriting Agreement

If prior to the Latest Time for Termination, in the absolute opinion of the Underwriter:

(a) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or

(b) the occurrence of any local, national or international event or change, whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement, of a political, military, financial, economic or other nature, or in the nature of any local national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities market which may, materially as a whole and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or

(c) any material adverse change in the business or in the financial or trading position or prospects of the Group; or

(d) any material and adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, and a change in currency conditions includes a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States of America) occurs which makes it inexpedient or inadvisable to proceed with the Rights Issue; and

(e) the prospectus to be issued in relation to the Rights Issue when published contain information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the GEM Listing Rules or any applicable regulations) which had not prior to the date of the Underwriting Agreement been publicly announced or published by the Company and which may be material to the Group as a whole and is likely to affect materially and adversely the success of the Rights Issue or might cause a prudent investor not to accept the Rights Shares provisionally allotted to it,

the Underwriter may terminate the Underwriting Agreement. If the Underwriter terminates the Underwriting Agreement, then the Rights Issue will not proceed.

The Underwriter shall also be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

(a) any material breach of any of the warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriter; or

(b) any event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date hereof would have rendered any of the warranties contained in the Underwriting Agreement untrue or incorrect in any respect comes to the knowledge of the Underwriter.

WARNING OF THE RISKS OF DEALING IN SHARES AND NIL-PAID RIGHTS SHARES

Dealings in the Rights Shares in the nil-paid form will take place from Friday, 13 April 2007 to Friday, 20 April 2007 (both dates inclusive). If the conditions of the Rights Issue are not fulfilled or the Underwriting Agreement is terminated by the Underwriter, the Rights Issue will not proceed.

Any Shareholders or other persons contemplating selling or purchasing Shares, the Consolidated Shares and Rights Shares in their nil-paid form during the period from Friday, 13 April 2007 to Friday, 20 April 2007 (both dates inclusive) who are in any doubt about their position are recommended to consult their professional advisers. Any Shareholders or other persons dealing in the Shares or the Consolidated Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriter's right of termination of the Underwriting Agreement ceases) and any persons dealing in the nil-paid Rights Shares during the period from Friday, 13 April 2007 to Friday, 20 April 2007 (both dates inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

CHANGES IN THE SHAREHOLDING OF THE COMPANY

	As at the Latest Practicable Date		Immediately after the Share Consolidation becoming effective but before completion of Rights Issue		Immediately after completion of Rights Issue on the assumption as set out in Note 1		Immediately after completion of Rights Issue on the assumption as set out in Note 2	
	Shares	*%*	*Consolidated Shares*	*%*	*Consolidated Shares*	*%*	*Consolidated Shares*	*%*
Controlling Shareholder	345,729,000	51.22	34,572,900	51.22	51,859,350	51.22	68,322,900	67.48
Public Shareholders	329,271,000	48.78	32,927,100	48.78	49,390,650	48.78	32,927,100	32.52
Total	**675,000,000**	**100.00**	**67,500,000**	**100.00**	**101,250,000**	**100.00**	**101,250,000**	**100.00**

Notes:

1. Assuming all Shareholders take up their respective entitlements to Rights Shares under the Rights Issue.

2. Assuming none of the Shareholders (save for the Controlling Shareholder, which is also the Underwriter, takes up all its entitlement under the Rights Issue) takes up their respective entitlement to Rights Shares under the Rights Issue and, accordingly, the Controlling Shareholder in its capacity as the underwriter of the Rights Issue will take up the Underwritten Shares in full pursuant to the terms of the Underwriting Agreement.

REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

The Group is principally engaged in the provision of IBS solutions, including IBS design, supply and installation services, IBS maintenance services and IBS consultancy services.

The Group is operating in the IBS industry where intense competition exists and industry players adopt price-cutting strategy in bidding IBS contracts. It has been the Group's intention to develop business in the packaging industry in order to diversify the business risks associated in IBS industry. However, the Directors have no current intention to change its principal business activities in relation to the IBS industry. As stated in the announcement of the Company dated 3 January 2007, a wholly-owned subsidiary of the Company entered into the S&P Agreement in relation to the acquisition of a land use right on the Land at a consideration of RMB3,398,100 (equivalent to approximately HK$3.36 million) on 29 December 2006. The Land will be used for the construction of production plant of the Company for the manufacture of paper products and packaging materials. As at the Latest Practicable Date, the Group has paid 70% of the said consideration and the application for the land use right certificate of the Land is in progress.

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 in relation to the Major transaction and HK$1.7 million as working capital for the operation of such plant.

As the Rights Issue will allow Qualifying Shareholders to maintain their respective pro rata shareholdings in the Company, the Directors consider that it is an appropriate method to raise funds.

PREVIOUS FUND RAISING EXERCISE OF THE COMPANY

The Company had conducted the following fund raising exercises in the past 12 months from the date of this prospectus:

Description	Announcement date	Completion date	Net amount raised	Intended use of proceeds as announced	Actual use of proceeds
Placing of Shares	21 September 2006	6 October 2006	Approximately HK$5,200,000	HK$3.5 million used for the general working capital of the Group and the balance of HK$1.7 million used to pursue other new business opportunities	HK$2 million used as the general working capital of the Group and HK$3.2 million used to fund the Major Transaction

PROCEDURE FOR ACCEPTANCE AND TRANSFER

A PAL is enclosed with this prospectus which entitles the Qualifying Shareholders to whom it is addressed to subscribe for the number of the Rights Shares shown therein. If the Qualifying Shareholders wish to accept all the Rights Shares provisionally allotted to them as specified in the PAL, they must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, by no later than 4:00 p.m. on Wednesday, 25 April 2007. All remittances must be made by cheques or cashier's orders in Hong Kong dollars. Cheques must be drawn on an account with, and cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to **"Sino Haijing Holdings Limited – Rights Issue Account"** and crossed "Account Payee Only".

It should be noted that unless the PAL, together with the appropriate remittance, has been lodged with the Registrar by 4:00 p.m. on Wednesday, 25 April 2007, whether by the original allottee or any person in whose favour the rights have been validly transferred, the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled.

If the Qualifying Shareholders wish to accept only part of their provisional allotment or transfer a part of their rights to subscribe for the Rights Shares provisionally allotted to them under the PAL or to transfer their rights to more than one person, the entire PAL must be surrendered and lodged for cancellation by no later than 4:00 p.m. on Tuesday, 17 April 2007 to the Registrar, who will cancel the original PAL and issue new PALs in the denominations required.

All cheques or cashier's orders will be presented for payment following receipt and all interest earned on such moneys will be retained for the benefit of the Company. Any PAL in respect of which the cheque or cashier's order is dishonoured on first presentation is liable to be rejected, and in that event the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled.

No action has been taken to permit the offering of the Rights Shares or the distribution of the Prospectus Documents in any territory other than Hong Kong. Accordingly, no person receiving a PAL in any territory outside Hong Kong may treat it as an offer or invitation to apply for the Rights Shares, unless in the relevant territory such an offer or invitation could lawfully be made without compliance with any registration or other legal and regulatory requirements. Subject as referred to below, it is the responsibility of anyone outside Hong Kong wishing to make an application for the Rights Shares to satisfy himself as to the observance of the laws and regulations of all relevant territories, including the obtaining of any government or other consents, and to pay any taxes and duties required to be paid in such territory in connection therewith. The Company reserves the right to refuse to accept any application for or acceptance of Rights Shares where it believes that doing so would violate the applicable securities or other laws or regulations of the territory of residence of the applicant.

If the Underwriter exercises the right to terminate or rescind the Underwriting Agreement or if the conditions of the Rights Issue are not fulfilled, the monies received in respect of acceptances of the Rights Shares will be returned to the Qualifying Shareholders or such other persons to whom the Rights Shares in their nil-paid form have been validly transferred or, in the case of joint acceptances, to the first-named person without interest, by means of cheques to be dispatched by the ordinary post at the risk of such Qualifying Shareholders or such other persons on or before Thursday, 3 May 2007.

APPLICATION FOR EXCESS RIGHTS SHARES

If the Qualifying Shareholders wish to apply for any Rights Shares in addition to their provisional allotment, they must complete and sign the enclosed EAF in accordance with the instructions printed thereon and lodge it, together with a separate remittance for the amount payable on application in respect of the excess Rights Shares applied for, with the Registrar at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, by no later than 4:00 p.m. on Wednesday, 25 April 2007. All remittances must be made by cheques or cashier's orders in Hong Kong dollars. Cheques must be drawn on an account with, and cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to **"Sino Haijing Holdings Limited – Excess Application Account"** for excess Rights Shares and crossed "Account Payee Only". The Registrar will notify the Qualifying Shareholders of any allotment of excess Rights Shares made to them, which will be at the sole discretion of the Directors on a fair and equitable basis but with a view to creating whole board lots of the Shares.

If no excess Rights Shares are allotted to a Qualifying Shareholder, the amount tendered on application is expected to be returned to that Qualifying Shareholder in full on or before Thursday, 3 May 2007. If the number of excess Rights Shares allotted to the Qualifying Shareholders is less than that applied for, the surplus application moneys are also expected to be returned to them on or before Thursday, 3 May 2007.

All cheques or cashier's orders will be presented for payment following receipt and all interest earned on such moneys will be retained for the benefit of the Company. Any EAF in respect of which a cheque or cashier's order is dishonoured on first presentation is liable to be rejected.

The EAF is for use only by the person(s) to whom it is addressed and is not transferable. All documents, including cheques or cashier's orders for amount due, will be sent at the risk of the persons entitled thereto to their registered addresses by the Registrar.

No action has been taken to permit the offering of the Rights Shares or the distribution of the Prospectus Documents in any territory other than Hong Kong, and therefore the EAFs may not be used by any person whose registered address is outside Hong Kong. Accordingly, no person receiving a copy of the EAF in any territory outside Hong Kong may treat it as an offer or invitation to apply for the Rights Shares, unless in the relevant territory such an offer or invitation could lawfully be made without compliance with any registration or other legal and regulatory requirements. Subject as referred to below, it is the responsibility of anyone outside Hong Kong wishing to make an application for the Rights Shares to satisfy himself as to the observance of the laws and regulations of all relevant territories, including the obtaining of any government or other consents, and to pay any taxes and duties required to be paid in such territory in connection therewith. The Company reserves the right to refuse to accept any application for or acceptance of Rights Shares where it believes that doing so would violate applicable securities or other laws or regulations.

Arrangement on odd lot trading

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares, the Company has appointed Kam Fai Securities Company Limited to stand in the market to match the purchase and sale of odd lots of the Consolidated Shares at the relevant market price per Consolidated Share for the period from Wednesday, 25 April 2007 to Thursday, 17 May 2007 (both dates inclusive). Holders of odd lots of the Consolidated Shares who wish to take advantage of this facility either to dispose of their odd lots of the Consolidated Shares or to top up to a full board lot may contact Mr. Chan Chee Keung of Kam Fai Securities Company Limited at 21/F, Champion Building, 287-291 Des Voeux Road Central, Hong Kong (telephone no. (852) 2851 8751) as soon as possible starting from Wednesday, 25 April 2007 to Thursday, 17 May 2007 (both dates inclusive). Holders of odd lots of the Consolidated Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed.

BUSINESS REVIEW AND OUTLOOK

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.

The development of a set of logistics platform software with a domestic partner, which is intended to incorporate with the Group's intelligent solutions is still underway. Through these efforts, the Group aims at strengthening market competitive edges and thus better profit prospects.

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 29th 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 mentioned in the paragraph headed "Reasons for the Rights Issue and use of proceeds" above, part of the proceeds from the Rights Issue will be used to fund the construction of production plant and purchase of machinery and equipment.

However, the Group has no current intention to change its principal business activities in relation to the IBS industry.

ADDITIONAL INFORMATION

Your attention is drawn to the appendices to this prospectus for additional information.

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

1. SUMMARY OF FINANCIAL INFORMATION

A summary of the results, assets and liabilities of the Group for the last three financial years, as extracted form the published audited financial statements, is set out below.

Results

	Year ended 31 December		
	2006	**2005**	**2004**
	HK$'000	*HK$'000*	*HK$'000*
Turnover	4,511	19,428	26,079
Cost of sales	(4,228)	(19,004)	(21,288)
Gross profit	283	424	4,851
Other revenue	583	257	950
Administrative and other operating expenses	(9,872)	(9,270)	(5,516)
Profit/(Loss) from operations	(9,006)	(8,589)	285
Finance costs	(39)	(155)	(167)
Profit/(Loss) before taxation	(9,045)	(8,744)	118
Taxation	(181)	–	(98)
Profit/(Loss) for the year	(9,226)	(8,744)	20
Profit/(Loss) attributable to equity holders of the Company	(9,226)	(8,744)	20
Dividends	–	–	–
Earnings/(Loss) per share			
– Basic	(1.6) cents	(2.3) cents	0.01 cent
– Diluted	N/A	N/A	0.01 cent

Assets and liabilities

	31 December		
	2006	**2005**	**2004**
	HK$'000	*HK$'000*	*HK$'000*
Total assets	16,314	24,451	30,650
Total liabilities	(2,717)	(10,712)	(7,935)
Net assets and shareholders' equities	13,597	13,739	22,715

Notes: For the years ended 31 December 2005 and 2006, the group has adopted the new/revised standards and interpretations of Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. The adoption of the standards did not have material effect on these financial statements.

2. AUDITED CONSOLIDATED FINANCIAL STATEMENTS

Set out below is the audited consolidated income statement, consolidated balance sheet, balance sheet, consolidated cash flow statement, consolidated statement of changes in equity and notes to the financial statements of the Group as extracted from pages 24 to 63 of the annual report of the Company for the year ended 31 December 2006. References to page numbers in this appendix are to the page numbers of such annual report of the Company.

CONSOLIDATED INCOME STATEMENT

(For the year ended 31st December, 2006)

	Note	2006 HK$'000	2005 HK$'000
Turnover	5	4,511	19,428
Cost of Sales		(4,228)	(19,004)
Gross Profit		283	424
Other Revenue	5	583	257
Administrative and Other Operating Expenses		(9,872)	(9,270)
Loss from Operations		(9,006)	(8,589)
Finance Costs	6	(39)	(155)
Loss Before Taxation	8	(9,045)	(8,744)
Taxation	9	(181)	–
Loss for the year		(9,226)	(8,744)
Attributable to:			
Equity holders of the Company	11	(9,226)	(8,744)
Dividends	12	–	–
Loss Per Share	13		
– Basic		(1.6) cents	(2.3) cents
– Diluted		N/A	N/A

CONSOLIDATED BALANCE SHEET

(As at 31st December, 2006)

	Note	2006 HK$'000	2005 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	492	688
Available-for-sale financial assets	17	859	767
Held-to-maturity debt securities	18	–	49
Retention money receivable		563	1,224
		1,914	2,728
CURRENT ASSETS			
Held-to-maturity debt securities	18	49	–
Tax recoverable		60	264
Prepayment, deposits and other receivables		2,663	2,305
Trade receivables	19	2,802	14,404
Retention money receivable		33	137
Pledged time deposits	20	2,376	1,526
Cash and cash equivalents	21	6,417	3,087
		14,400	21,723
CURRENT LIABILITIES			
Bills payable, unsecured		–	4,873
Trade payables	22	1,118	3,002
Other payables and accruals		1,005	918
Secured bank loan	23	–	833
Amount due to a director	24	152	1,026
Amount due to a related company	24	442	60
		2,717	10,712
NET CURRENT ASSETS		11,683	11,011
NET ASSETS		13,597	13,739
CAPITAL AND RESERVES			
Issued capital	25	6,750	3,750
Reserves		6,847	9,989
TOTAL EQUITY		13,597	13,739

BALANCE SHEET

(As at 31st December, 2006)

	Note	2006 HK$'000	2005 HK$'000
NON-CURRENT ASSETS			
Interests in subsidiaries	16	12,703	14,616
CURRENT ASSETS			
Prepayment		51	–
Cash and cash equivalents	21	1,756	84
		1,807	84
CURRENT LIABILITIES			
Amount due to a subsidiary	24	–	490
Amount due to a director	24	–	29
Other payables and accruals		491	296
		491	815
NET CURRENT ASSETS/(LIABILITIES)		1,316	(731)
NET ASSETS		14,019	13,885
CAPITAL AND RESERVES			
Issued capital	25	6,750	3,750
Reserves		7,269	10,135
TOTAL EQUITY		14,019	13,885

STATEMENTS OF CHANGES IN EQUITY

(For the year ended 31st December, 2006)

Group

	Issued capital	Share premium	Capital reserve (a)	Investment revaluation reserve	Retained profits/ (accumulated losses)	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1/1/2005	3,750	8,672	117	–	10,176	22,715
Opening adjustment for the adoption of HKAS39	–	–	–	(111)	–	(111)
Fair value loss on available-for-sale financial assets	–	–	–	(121)	–	(121)
Net loss for the year	–	–	–	–	(8,744)	(8,744)
At 31/12/2005 and 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	6,750	14,664	117	(140)	(7,794)	13,597

Company

	Issued capital *HK$'000*	Share premium *HK$'000*	Contributed surplus (b) *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*
At 1/1/2005	3,750	8,672	8,467	(1,489)	19,400
Net loss for the year	–	–	–	(5,515)	(5,515)
At 31/12/2005 and 1/1/2006	3,750	8,672	8,467	(7,004)	13,885
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)
Net loss for the year	–	–	–	(8,858)	(8,858)
At 31/12/2006	6,750	14,664	8,467	(15,862)	14,019

Notes:

a) Capital reserve represents the difference between the nominal value of the ordinary shares issued by the company and the aggregate of the share capital and share premium of subsidiaries acquired through exchanges of shares pursuant to the company reorganisation in 2003.

b) Contributed surplus represents the difference between the nominal value of the ordinary shares issued by the company and the net asset value of subsidiaries acquired through an exchange of shares pursuant to the company reorganisation in 2003. Under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, the share premium is distributable to the shareholders of the company provided that immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

The company's reserves as at 31st December, 2006 available for distribution to shareholders are approximately HK$Nil (2005: HK$1,463,000).

CONSOLIDATED CASH FLOW STATEMENT

(For the year ended 31st December, 2006)

	Note	2006 HK$'000	2005 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(9,045)	(8,744)
Adjustments for:			
Bank deposits pledged for banking facilities		(850)	(515)
Interest expenses		25	119
Interest income		(148)	(18)
Depreciation		209	187
Bad debts written off		3,050	1,678
Impairment loss of			
– trade and retention money receivables		1,700	–
– other receivables		–	2,837
OPERATING LOSS BEFORE WORKING CAPITAL CHANGES		(5,059)	(4,456)
Decrease in trade receivables		7,783	759
Decrease in amount due from ultimate holding company		–	4
(Increase)/decrease in retention money receivables		(166)	227
Increase in prepayment, deposits and other receivables		(358)	(747)
(Decrease)/increase in trade payables		(1,884)	497
Increase/(decrease) in other payables and accruals		87	(698)
(Decrease)/increase in amount due to a director		(874)	1,026
Increase/(decrease) in amount due to a related company		382	(36)
CASH USED IN OPERATIONS		(89)	(3,424)
Hong Kong profits tax refunded		23	95
NET CASH USED IN OPERATING ACTIVITIES		(66)	(3,329)
CASH FLOWS FROM INVESTING ACTIVITIES			
Sales proceeds for investment in held-to-maturity debt securities		–	300
Purchase of property, plant and equipment		(13)	(341)
Interest received		148	18
NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES		135	(23)

	Note	2006 HK$'000	2005 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal repayment of obligation under finance lease		–	(45)
Net proceeds from rights issue of shares		3,685	–
Net proceeds from placing of shares		5,307	–
Repayment of secured bank loan		(833)	(2,500)
Interest paid		(25)	(119)
(Decrease)/increase in bills payable, unsecured		(4,873)	4,533
NET CASH GENERATED FROM FINANCING ACTIVITIES		3,261	1,869
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		3,330	(1,483)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		3,087	4,570
CASH AND CASH EQUIVALENTS AT END OF YEAR	*21*	6,417	3,087

NOTES TO THE FINANCIAL STATEMENTS
(For the year ended 31st December, 2006)

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 electronic equipment.

The company was incorporated in the Cayman Islands on 8th July, 2002 as 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. Principal Accounting Policies

a) Statement of Compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which includes all applicable individual Hong Kong Financial Reporting Standards, 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. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited ("GEM Listing Rules") and the disclosure requirements of the Hong Kong Companies Ordinance. A summary of the significant accounting policies adopted by the group is set out below.

The consolidated financial statements of the company have been prepared in accordance with HKFRS and under the historical cost convention, except for the available-for-sale financial assets that have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

The group has adopted the following new/revised standards that have been issued and effective for the periods beginning on or after 1st January, 2006. The adoption of such standards did not have material effect on these financial statements.

HKAS 19 (Amendment)	Actuarial gains and losses, group plans and disclosures
HKAS 21 (Amendment)	Net investment in a foreign operation
HKAS 39 (Amendment)	The fair value option
HKFRS – Int4	Determining whether an arrangement contains a lease

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31st December, 2006 and which have not been adopted in these financial statements.

The group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the company's results of operations and financial position.

In addition, the following developments may result in new or amended disclosures in the financial statements:

	Effective for accounting periods beginning on or after
HKFRS 7, Financial instruments: disclosures	1st January, 2007
Amendment to HKAS 1, Presentation of financial statements: capital disclosures	1st January, 2007

b) Revenue Recognition

i) Revenue from provision of intelligent building system solutions installation services

The group enters into contracts with customers whereby the values of the sale of the electronic equipment and the provision of intelligent building system solutions installation services are bundled together in one contract.

When the outcome of an installation service contract can be estimated reliably:

– revenue from a fixed price contract is recognised using the percentage of completion method, measured by reference to the percentage of contract costs incurred to date to estimated total contract costs for the contract; and

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable.

ii) Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have been transferred to the buyer.

iii) Interest income

Interest income is recognised as it accrues using the effective interest method.

iv) Sale of marketable securities

Gain from sale of marketable securities is recognised on the transaction dates.

c) Other Investments in Debt and Equity Securities

The group's and the company's policies for investments in debt and equity securities, other than investments in subsidiaries, are as follows:

Investments in debt and equity securities are initially stated at cost, which is their transaction price unless fair value can be more reliably estimated using valuation techniques whose variables include only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification:

Investments in securities held for trading are classified as current assets and are initially stated at fair value. At each balance sheet date the fair value is remeasured, with any resultant gain or loss being recognised in profit or loss.

Dated debt securities that the group and/or the company have the positive ability and intention to hold to maturity are classified as held-to-maturity securities. Held-to-maturity securities are initially recognised in the balance sheet at fair value plus transaction costs. Subsequently, they are stated in the balance sheet date at amortised cost less impairment losses (see note 2(f)).

Investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are recognised in the balance sheet at cost less impairment losses (see note 2(f)).

Other investments in securities are classified as available-for-sale securities and are initially recognised at fair value plus transaction costs. At each balance sheet date the fair value is remeasured, with any resultant gain or loss being recognised directly in equity, except for impairment losses (see note 2(f)) and, in the case of monetary items such as debt securities, foreign exchange gains and losses of which are recognised directly in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss.

Investments are recognised/derecognised on the date the group and/or the company commits to purchase/sell the investments or they expire.

d) Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Subsequent expenditure relating to an asset that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the enterprise. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

The gain or loss arising from the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement.

Property, plant and equipment are depreciated at rates sufficient to write off their cost less accumulated impairment losses over their estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Leasehold improvement	20%
Furniture and equipment	20%
Computer	20 – 30%
Motor vehicles	30%

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

e) Operating Lease Charges

Where the group has the use of assets held under operating leases, payments made under the leases are charged to the income statement in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in the income statement as an integral part of the aggregate net lease payments made. Contingent rentals are charged to the income statement in the accounting period in which they are incurred.

f) Impairment of Assets

i) Impairment of investments in debt and equity securities and other receivables

Investments in debt and equity securities and other current and non-current receivables that are stated at cost or amortised cost or are classified as available-for-sale securities are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such evidence exists, any impairment loss is determined and recognised as follows:

– For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities are not reversed.

– For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

– For available-for-sale securities, the cumulative loss that has been recognised directly in equity is removed from equity and is recognised in profit or loss. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

Impairment losses recognised in profit or loss in respect of available-for-sale equity securities are not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognised directly in equity.

Impairment losses in respect of available-for-sale debt securities are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment loss was recognised. Reversals of impairment losses in such circumstances are recognised in profit or loss.

ii) Impairment of other assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

– property, plant and equipment; and

– investments in subsidiaries.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– Recognition of impairment losses

An impairment loss is recognised in the income statement whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised.

iii) Interim financial reporting and impairment

Under the GEM Listing Rules, the group is required to prepare an interim financial report in compliance with HKAS 34, Interim financial reporting, in respect of the first six months of the financial year. At the end of the interim period, the group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 2(f) (i) and (ii)).

Impairment losses recognised in an interim period in respect of goodwill, available-for-sale equity securities and unquoted equity securities carried at cost are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

g) Subsidiaries

A subsidiary is an enterprise in which the company, directly or indirectly, holds more than half of the issued share capital or controls more than half of the voting power, or where the company controls the composition of its board of directors or equivalent governing body. Subsidiaries are considered to be controlled if the company has the power, directly or indirectly, to govern the financial and operating policies, so as to obtain benefits from their activities.

An investment in a controlled subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are included in the company's balance sheet at cost less any identified impairment loss. The results of subsidiaries are accounted for by the company on the basis of dividends received and receivable.

Intra-group balances and transactions, and any unrealised profits arising from intra-group transactions, are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

h) Related Parties

For the purposes of these financial statements, parties are considered to be related to the group if the group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the group and the party are subject to common control or common significant influence. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the group where those parties are individuals, and post-employment benefit plans which are for the benefit of employees of the group or of any entity that is a related party of the group.

i) Trade and Other Receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less impairment losses for bad and doubtful debts (see note 2(f)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts (see note 2(f)).

j) Trade and Other Payables

Trade and other payables are initially recognised at fair value and thereafter stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

k) Cash and Cash Equivalents

Cash and cash equivalents are short-term, highly liquid investments which are readily convertible into known amounts of cash without notice and which were within three months of maturity when acquired. Cash and cash equivalents include investments and advances denominated in foreign currencies provided that they fulfil the above criteria.

For the purposes of the cash flow statement, cash and cash equivalents would also include bank overdrafts and advances from banks repayable within three months from the date of the advance.

l) Provisions and Contingent Liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the company or group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

m) Income Tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised directly in equity, in which case they are recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the company or the group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

– in the case of current tax assets and liabilities, the company or the group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously: or

– in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  – the same taxable entity; or

  – different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

n) Translation of Foreign Currencies

Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges or qualifying net investment hedges.

Translation differences on non-monetary items, such as equity instruments held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation difference on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

Group companies

The results and financial position of all the group's entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

iii) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

o) Retirement Costs

Salaries, annual bonuses, paid annual leave, leave passage and the cost to the group of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the group. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Contributions to the Mandatory Provident Funds as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance are charged to the income statement when incurred.

The group's contributions to the defined contribution retirement benefit scheme of the subsidiaries outside Hong Kong are expensed as incurred.

The assets of the schemes are held separately from those of the group in independently administered funds.

p) Segment Reporting

A segment is a distinguishable component of the group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

In accordance with the group's internal financial reporting, the group has chosen business segment information as the primary reporting format and geographical segment information as the secondary reporting format.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. For example, segment assets may include inventories, trade receivables and property, plant and equipment. Segment revenue, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group enterprises within a single segment. Intra-segment pricing is based on similar terms as those available to other external parties.

Segment capital expenditure is the total cost incurred during the year to acquire segment assets (both tangible and intangible) that are expected to be used for more than one year.

Unallocated items mainly comprise financial and corporate assets, interest-bearing loans, borrowings, corporate and financing expenses and minority interests.

q) Borrowing Cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

r) Research and Development Costs

Research and development costs are expensed as incurred, except where the product or process is clearly defined and the costs attributable to the product or process can be separately identified and measured reliably; is technically feasible; the group intends to produce and market, or use, the product or process; the existence of a market for the product or process or, if it is to be used internally rather than sold, its usefulness to the group, can be demonstrated; and adequate resources exist, or their availability can be demonstrated, to complete the project and market or use the product or process.

Such development costs are recognised as an asset to the extent of the amount that, taken together with further development costs, related production costs, and selling and administrative costs directly incurred in marketing the product, is probable of being recovered from related future economic benefits. The excess amount is written off as incurred.

3. Financial Risk Management

The group's activities expose it to a variety of financial risks. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance.

i) Foreign currency risk

The group's exposure to market risk for changes in foreign currency exchange rates relates primarily to certain cash and cash equivalents in currencies other than the functional currency of Hong Kong Dollars.

ii) Credit risk

The group has no significant concentrations of credit risk. The group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations as at 31st December, 2006 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet. In order to minimise the credit risk, the top management of the group has been closely involved in the determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the group review the recoverable amount of each individual trade debts at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amount. In this regard, the directors of the company consider that the group's credit risk is significantly reduced.

iii) Liquidity risk

Individual operating entities within the group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board of directors when the borrowings exceed certain predetermined levels of authority. The group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions, if any, to meet its liquidity requirements in the short and longer term.

iv) Fair values

All financial instruments are carried at amounts not materially different from their fair values as at 31st December, 2006.

v) Estimation of fair values of securities

Fair values of securities is based on quoted market prices at the balance sheet date without any deduction for transaction costs. Fair values for the unquoted equity investments are estimated using the applicable price/earning ratios for similar listed companies adjusted for the specific circumstances of the issuer.

4. Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

a) Useful lives of property, plant and equipment

The group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

b) Installation service contracts

As explained in policy note 2(b)(i) revenue and profit recognition on an uncompleted project is dependent on estimating the total outcome of the installation service contract, as well as the work done to date. Based on the group's recent experience and the nature of the installation activity undertaken by the group, the group makes estimates of the point at which it considers the work is sufficiently advanced such that the costs to complete and revenue can be reliably estimated. As a result, until this point is reached the trade receivables as disclosed in note 19 will not include profit which the group may eventually realise from the work done to date. In addition, actual outcomes in terms of total cost or revenue may be higher or lower than estimated at the balance sheet date, which would affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date.

c) Estimated provision for impairment of trade and other receivables

The group makes provision for doubtful debts based on an assessment of the recoverability of trade receivables and other receivables. Provisions are applied to trade receivables and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful debts requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact carrying value of receivables and doubtful debt expenses in the period in which such estimate has been changed.

5. Turnover and Other Revenue

Turnover represents revenue recognised in respect of IBS solutions installation services rendered and the net invoiced value of goods sold. An analysis of the group's turnover and other major revenue is set out below:

	2006	**2005**
	HK$'000	*HK$'000*
Turnover		
IBS solutions and sales of goods	4,511	19,428
Other revenue		
Bank interest income	148	18
Gain on disposal of trading in securities	306	–
Exchange gain	16	–
Sundry income	113	239
	583	257
Total revenue	5,094	19,685

6. Finance Costs

	2006	**2005**
	HK$'000	*HK$'000*
Bank charges	14	36
Bank loan interest	11	106
Bank overdraft interest	1	1
Interest on finance leases	–	9
Trust receipt loan interest	13	3
	39	155

7. Segment Information

The group's operation is regarded as a single segment, being an enterprise engaged in the provision of IBS solutions installation services and sales of electronic equipment. Over 90% of the group's provision of services and sales are made in Hong Kong during the year. Accordingly, no segmental analysis of business and geographical segments is presented for the year.

8. Loss Before Taxation

Loss before taxation is stated after charging the following:

	2006 *HK$'000*	**2005** *HK$'000*
Auditors' remuneration		
– current year	170	170
– under-provision in previous year	–	24
	170	194
Depreciation	209	187
Operating lease charges on rented premises and equipment	448	156
Staff cost (including directors' emolument)	2,259	1,798
Staff retirement costs (including directors' emolument)	118	128
Bad debts written off	3,050	1,678
Impairment loss of		
– trade and retention money receivables	1,700	–
– other receivables	–	2,837
Research and development costs	514	–

9. Taxation

Taxation represents provision for Hong Kong profits tax at the rate of 17.5% (2005: 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 as the group has no assessable profits for the year. (2005: Nil).

	2006 *HK$'000*	**2005** *HK$'000*
Under provision in previous year	181	–

The taxation for the year can be reconciled to the loss before taxation per income statement as follows:

	2006	2005
	HK$'000	*HK$'000*
Loss before taxation	(9,045)	(8,744)
Calculated at the applicable tax rate at 17.5%	(1,583)	(1,530)
Tax effect of non-deductible expenses	334	496
Tax effect of non-taxable revenue	(49)	(3)
Tax effect of accelerated depreciation allowances	15	–
Tax effect of current year's tax losses not recognised	1,283	1,037
Under provision in previous year	181	–
	181	–

10. Deferred tax

Deferred tax assets are to be recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profits will be available against which the unused tax losses can be utilised.

The group has not recognised deferred tax assets in respect of tax losses of HK$7,333,000 (2005: Nil) . The unrecognised tax losses, mainly to Hong Kong companies, can be carried forward indefinitely.

11. Loss Attributable to equity holders of the company

The consolidated loss attributable to equity holders includes a loss of approximately of HK$8,858,000 (2005: HK$5,515,000) which has been dealt with in the financial statements of the company.

12. Dividends

The directors do not recommend the payment of any dividend in respect of the year ended 31st December, 2006 (2005: Nil).

13. Loss Per Share

The calculation of loss per share for the year is based on the following data:

	2006	2005
	HK$'000	*HK$'000*
Loss attributable to equity holders	(9,226)	(8,744)

The calculation of basic earnings per share for the year is based on the group's loss for the year attributable to equity holders of HK$9,226,000 (2005: HK$8,744,000) and the weighted average number of 569,280,822 (2005: 375,000,000) shares in issue during the year.

Diluted loss per share is not presented for the year ended 31st December, 2006 as there was no dilutive potential share in existence in the year.

14. Directors' and Employees' Emoluments

i) Details of emoluments of every director are shown below:

Year ended 31st December, 2006

Name of director	Fees	Basic salaries, allowances and other benefits	Retirement benefits scheme contribution	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Tsang Hon Chung	360	110	22	492
Chao Pang Fei	120	–	–	120
Hui Hong Yan	80	–	–	80
Lau Yu Ping	60	–	–	60
Chen Wei Rong	40	–	–	40
Cheng Yun Ming, Matthew	60	–	–	60
Sin Ka Man	60	–	–	60
	780	110	22	912

Year ended 31st December, 2005

Name of director	Note	Fees HK$'000	Basic salaries, allowance and other benefits HK$'000	Retirement benefits scheme contribution HK$'000	Total HK$'000
Chao Pang Fei	*1*	36	–	–	36
Tsang Hon Chung		60	547	14	621
Hui Hong Yan	*1*	18	–	–	18
Lam Yew Kai	*2*	–	112	6	118
Tsang Hon Ming	*2*	–	–	–	–
Lan Yu Ping	*1*	18	–	–	18
Wong Mau Fa	*2*	12	–	–	12
Lai Ka Kit	*4*	30	–	–	30
Chen Wei Rong	*3*	8	–	–	8
Cheng Yun Ming, Matthew	*3*	8	–	–	8
Sin Ka Man	*3*	8	–	–	8
Liu Pui Ming	*2*	7	–	–	7
Koo Cheuk On, Timmie	*2*	21	–	–	21
Lam Ying Hung, Andy	*2*	31	–	–	31
		257	659	20	936

Note:

1) Appointed 13th September, 2005
2) Resigned on 11th November, 2005
3) Appointed on 11th November, 2005
4) Resigned on 30th May, 2005

ii) Details of emoluments paid to the five highest paid individuals (including directors and other employees) were as follows:

	2006	**2005**
	HK$'000	*HK$'000*
Basic salaries, allowances and other benefits	1,426	1,173
Pension scheme contributions	50	38
	1,476	1,211

	2006	**2005**
Number of directors	2	2
Number of employees	3	3
	5	5

During the year, no emoluments were paid to the five highest paid individuals (including directors and other employees) as inducement to join or upon joining the group or as compensation for loss of office.

The number of the five highest paid individuals whose remuneration fall within the following bands were as follows:

	2006	**2005**
HK$Nil to HK$1,000,000	5	5

15. Property, Plant and Equipment

Group

	Leasehold improvement	Computer	Furniture and equipment	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cost					
At 1/1/2005	504	363	255	300	1,422
Additions	178	100	63	–	341
At 31/12/2005	682	463	318	300	1,763
Accumulated depreciation					
At 1/1/2005	101	322	165	300	888
Charge for the year	104	48	35	–	187
At 31/12/2005	205	370	200	300	1,075
Net book value					
At 31/12/2005	477	93	118	–	688
Cost					
At 1/1/2006	682	463	318	300	1,763
Additions	–	13	–	–	13
At 31/12/2006	682	476	318	300	1,776
Accumulated depreciation					
At 1/1/2006	205	370	200	300	1,075
Charge for the year	136	31	42	–	209
At 31/12/2006	341	401	242	300	1,284
Net book value					
At 31/12/2006	341	75	76	–	492

16. Interests in Subsidiaries

	Company 2006	Company 2005
	HK$'000	*HK$'000*
Unlisted shares, at cost	8,688	8,687
Amounts due from subsidiaries	15,613	10,337
	24,301	19,024
Less: Impairment loss	(11,598)	(4,408)
	12,703	14,616

The amount due is unsecured, non-interest bearing and not repayable within one year.

Details of the company's major subsidiaries as at 31st December, 2006 are as follows:

Name	Country/ place of incorporation/ establishment	Country/ place of operation	Principal activities	Issued and fully paid share capital	Interests held Directly	Interests held Indirectly
Loyal Pacific International Limited	Hong Kong	Hong Kong	Trading in securities	HK$10,000	100%	–
Innovis (IB) Limited	British Virgin Islands (BVI)	Hong Kong	Investment holding	US$100	100%	–
Innovis Technology Limited	Hong Kong	Hong Kong	Provision of intelligent building system solutions installation services and sales of electronic equipment	HK$326,666	–	100%
Great Prospect Enterprises Limited	BVI	Hong Kong	Investment holding	US$100	100%	–
合肥啟鵬紙制品有限公司*(Note)*	People's Republic of China (the "PRC")	PRC	Dormant	RMB2,700,000	–	100%

Note: It is a wholly foreign owned enterprise established in the PRC to be operated for 10 years up to November, 2016.

17. Available-for-sale Financial Assets

	Group 2006 HK$'000	Group 2005 HK$'000
Unlisted:		
Available-for-sale financial assets, at fair value	859	767
Market value	859	767

18. Held-to-maturity Debt Securities

	Group 2006 HK$'000	Group 2005 HK$'000
Unlisted debt securities in Hong Kong, at cost	49	49
Market value	49	49
The analysis of the above is as follows:		
Current	49	–
Non-current	–	49
	49	49

19. Trade Receivables

The group allows its customers credit period of 60 days to 90 days depending on their credit worthiness. The following is an aging analysis of trade receivables:

	Group 2006 HK$'000	Group 2005 HK$'000
Within 3 months	52	7,081
Over 3 months but within 6 months	6	1,740
Over 6 months but within 1 year	432	1,261
Over 1 year	2,312	4,322
	2,802	14,404

20. Pledged Time Deposits

The amount represents deposits pledged to banks to secure banking facilities granted to the group. Deposits amounting to HK$2,376,000 (2005: HK$1,526,000) have been pledged to secure bank overdraft facilities and are therefore classified as current assets.

The deposits carry interest at prevailing market rate. The directors consider the carrying value of the amount at the balance sheet date approximates its fair value.

21. Cash and Cash Equivalents

	Group		**Company**	
	2006	**2005**	**2006**	**2005**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Short term time deposits	136	132	–	–
Cash at bank and in hand	6,281	2,955	1,756	84
	6,417	3,087	1,756	84

Cash and cash equivalents include short-term bank deposits carrying interest at prevailing market rates. The directors consider the carrying value of the amount at the balance sheet date approximates to the fair value.

Included in the bank balances and cash are the following amounts denominated in currencies other than functional currency of the entity to which they relate:

	Group		**Company**	
	2006	**2005**	**2006**	**2005**
	'000	*'000*	*'000*	*'000*
United States Dollars ("USD")	USD164	–	–	–
Renminbi ("RMB")	RMB1,453	–	–	–

22. Trade Payables

The following is an aging analysis of trade payables:

	Group	
	2006	**2005**
	HK$'000	*HK$'000*
Within 3 months	42	1,483
Over 3 months but within 6 months	24	548
Over 6 months but within 1 year	16	134
Over 1 year	1,036	837
	1,118	3,002

23. Secured Bank Loan

	Group	
	2006	**2005**
	HK$'000	*HK$'000*
Principal outstanding	–	833
Less: Amount repayable within one year (shown under current liabilities)	–	(833)
Amount repayable after one year but within five years (shown under non-current liabilities)	–	–

24. Amount Due to a Director/a Related Company/a Subsidiary

The amount due is unsecured, non-interest bearing and has no fixed terms of repayment.

25. Share Capital

	2006		2005	
	No. of shares	*HK$'000*	*No. of shares*	*HK$'000*
Authorised:				
Ordinary share of $0.01 each	10,000,000,000	100,000	10,000,000,000	100,000
Issued and fully paid:				
At beginning of year	375,000,000	3,750	375,000,000	3,750
Issue of one rights share for every two existing shares	187,500,000	1,875	–	–
Placing of new shares	112,500,000	1,125	–	–
At end of year	675,000,000	6,750	375,000,000	3,750

26. Share Option Scheme

All Pre-IPO share option were cancelled on 3rd October, 2005 immediately upon the closing of mandatory unconditional cash offer by Haijing Holdings Limited. No new share option scheme is adopted since then.

27. Retirement Benefit Costs

The group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the plans are held separately from those of the group in funds under the control of trustees.

The total expense recognised in the income statement of HK$118,000 (2005: HK$128,000) represents contributions payable to these plans by the group at rates specified in the rules of the plans.

28. Related Party Transactions

During the year, the group had the following significant transactions with related parties:

a) *Related party transactions included in the income statement:*

	2006	2005
	HK$'000	*HK$'000*
Reimbursement of office rentals, utilities and certain administrative expenses from Wah Lam Building Materials Limited ("WLBM")	(44)	(106)
Office rentals, utilities and certain administrative expenses paid to WLBM	199	278

Mr. Tsang Hon Chung, the director of the company, is a director and beneficial shareholder of WLBM.

b) *Related party transactions included in the balance sheet:*

	2006	2005
	HK$'000	*HK$'000*
Amount due from Education Solutions Provider Limited	8	–
Amount due to WLBM	442	60

Mr. Tsang Hon Chung, the director of the company, is director and beneficial shareholder of Education Solutions Provider Limited.

c) *Compensation of key management personnel of the group*

	2006	2005
	HK$'000	*HK$'000*
Short-term employee benefits	590	607
Post-employment benefits	22	14
	612	621

Further details of post-employment benefits and directors' emoluments are included in note 14 to the financial statements.

29. Banking Facilities

As at 31st December, 2006, the group was granted banking facilities amounting to approximately HK$5,000,000 (2005: HK$7,250,000) which were secured by the corporate guarantee provided by the company and the time deposits of the group (Note 20).

As at 31 December 2006, the group has not utilised any banking facilities.

30. Operating Lease Commitments – As Lessee

The group leases certain of its office premises under operating lease arrangements. Leases for office premises are negotiated for a lease term of 3 years. The terms of the lease require the lessee to pay security deposits.

At the balance sheet date, the group had total future minimum lease payments under non-cancellable operating lease with its lessee falling due as follows:

	Group	
	2006	**2005**
	HK$'000	*HK$'000*
Within one year	381	381
In the second to fifth years, inclusive	266	647
	647	1,028

31. Capital Commitments

The group's capital commitment outstanding at the year ended and not provided for in the financial statements are as follows:

	Group	
	2006	**2005**
	HK$'000	*HK$'000*
Contracted but not provided for	3,360	–

On 29th December, 2006, the group has entered into the sale and purchase agreement in relation to the acquisition of a land use right on a piece of industrial land located in Hefei City, Auhui Province, the PRC at the consideration of RMB3,398,100 (equivalent to approximately HK$3.36 million) together with the proposed construction of production plant and purchase of machinery and equipment.

32. Ultimate Holding Company and Controlling Party

As at 31st December, 2006, the directors regard Haijing Holdings Limited, a company incorporated in British Virgin Islands, as the ultimate holding company.

The directors regard Mr. Chao Pang Fei through his direct shareholding in Haijing Holdings Limited as being the ultimate controlling party.

33. Comparative Figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

3. INDEBTEDNESS

As at 28 February 2007, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this prospectus, the Group had bank overdraft of approximately HK$27,051. As at 28 February 2007, the Group's banking facilities to the extent of HK$2,000,000 were secured by: (i) corporate guarantee put up by the Company; and (ii) time deposits of the Group.

Saved as disclosed above and apart from intra-group liabilities, the Group did not have any outstanding mortgages, charges, debenture or other loan capital, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances, acceptances credits, hire purchase or their finance lease commitments, guarantees or other material contingent liabilities, at the close of business on 28 February 2007.

As at the Latest Practicable Date, the Directors were not aware of any material change in respect of the indebtedness or other contingent liabilities of the Group since 28 February 2007.

4. WORKING CAPITAL

The Directors are of the opinion that, in the absence of unforeseen circumstances and after taking into account the financial resources including its internally generated funds, the net proceeds to be raised from the Rights Issue if the Rights Issue becomes unconditional, and existing banking facilities, the Group will have sufficient working capital to satisfy its present requirements and the requirements in the next 12 months.

5. MATERIAL ADVERSE CHANGE

The Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2006, being the date to which the latest published audited consolidated financial statements of the Group were made up.

The following is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group, assuming that the Rights Issue has been completed on 31 December 2006 for the purpose of illustrating how the Rights Issue might have affected the net tangible assets of the Group. As it is prepared for illustrative purpose only, and because of its nature, it may not purport to represent what the net tangible assets of the Group are on the completion of the Rights Issue.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group are prepared based on the audited consolidated financial statements of the Group as at 31 December, 2006, extracted from its annual report for the year ended 31 December 2006 as set out in Appendix 1 and adjusted to reflect the effect of the Rights Issue.

	Audited consolidated net tangible assets of the Group as at 31 December 2006	**Estimated net proceeds from the Rights Issue**	**Unaudited pro forma adjusted consolidated net tangible assets of the Group after the Rights Issue**
	HK$'000	*HK$'000* *(Note 1)*	*HK$'000*
	13,597	9,700	23,297
Before Share Consolidation and Rights Issue			
Audited consolidated net tangible assets of the Group per Share *(Note 2)*	2.01 cents		
After completion of Share Consolidation but before completion of Rights Issue			
Audited consolidated net tangible assets of the Group per Consolidated Share *(Note 3)*	20.1 cents		
After completion of Share Consolidation and Rights Issue			
Unaudited pro forma adjusted consolidated net tangible assets of the Group per Consolidated Share *(Note 4)*			23.0 cents

Notes:

1. The estimated net proceeds from the issue of 33,750,000 Rights Shares are based on the Subscription Price of HK$0.3 per Rights Share after deducting the related expenses of approximately HK$0.425 million

2. The calculation is based on 675,000,000 Shares in issue as at 31 December 2006.

3. The calculation is based on 67,500,000 Consolidated Shares before completion of the Rights Issue.

4. The calculation is based on 101,250,000 Consolidated Shares (i.e. 67,500,000 Consolidated Shares plus 33,750,000 Rights Shares to be issued.)

The following is the full text of a letter received from CCIF CPA Limited, Certified Public Accountants, for the purpose of incorporation in this Prospectus.

CCIF

CCIF CPA LIMITED

20/F Sunning Plaza
10 Hysan Avenue
Causeway Bay Hong Kong

11 April 2007

ACCOUNTANTS' REPORT ON
UNAUDITED PRO FORMA FINANCIAL INFORMATION
TO THE DIRECTORS OF SINO HAIJING HOLDINGS LIMITED

We report on the unaudited pro forma financial information of Sino Haijing Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), which has been prepared by the directors of the Company for illustrative purposes only, to provide information about how the rights issue of 33,750,000 rights shares at HK$0.3 per rights share on the basis of one rights share for every two consolidated shares held after the share consolidation of every ten issued ordinary shares of the Company be consolidated into one consolidated share of the Company (the "Rights Issue") might have affected the financial information presented, for inclusion as Appendix II to the prospectus of Sino Haijing Holdings Limited dated 11 April 2007 (the "Prospectus"). The basis of preparation of the unaudited pro forma financial information is set out on page 62 to the Prospectus.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS OF THE COMPANY AND REPORTING ACCOUNTANTS

It is the responsibility solely of the directors of the Company to prepare the unaudited pro forma financial information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by paragraph 7.31(7) of the GEM Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

BASIS OF OPINION

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements (HKSIR) 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma financial information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 7.31 (1) of the GEM Rules.

The unaudited pro forma financial information is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Group as at 31 December 2006 or any future date.

OPINION

In our opinion:

a. the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;

b. such basis is consistent with the accounting policies of the Group; and

c. the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 7.31 (1) of the GEM Rules.

CCIF CPA Limited
Certified Public Accountants
Hong Kong,

Kwok Cheuk Yuen
Practising Certificate Number P02412

1. RESPONSIBILITY STATEMENT

This prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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 prospectus 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 prospectus misleading; and

(3) all opinions expressed in this prospectus have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

2. DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Chao Pang Fei, aged 46, had worked in the sales department of an electronic company in Shenzhen and as a manager in a company in Zhuhai engaging in the PRC and Hong Kong trading business during the period from 1980 to 1998. From 1998 to July, 2005, Mr. Chao worked as the general manager of an investment company in Shenzhen responsible for its investment planning and overall operation. From 2002 onwards, Mr. Chao became the president of an investment company incorporated in the British Virgin Islands and is principally engaged in investment in several packaging materials companies in the PRC. As at the Latest Practicable Date, Mr. Chao was beneficially interested in approximately 51.22% of the issued share capital of the Company within the meaning of Part XV of SFO. Mr. Chao did not hold any directorship in any other listed public companies in the last three years before the Latest Practicable Date.

Ms. Hui Hongyan, aged 42, graduated from the University of Shenzhen (深圳大學) majoring in Accountancy in 1992. Ms. Hui had over 12 years of experience in different management positions in finance department of various companies in the PRC. Ms. Hui does not have any interest in the securities of the Company within the meaning of Part XV of SFO and she did not hold any directorship in any other listed public companies in the last three years before the Latest Practicable Date.

Mr. Tsang Hon Chung, aged 46, is an executive Director and a co-founder of the Group. He has over 21 years of experience in the industry of electronics systems, including six years of experience in system design, planning and project management of building intelligence. Mr. Tsang holds a higher certificate in electronic engineering, a certificate in satellite communications – technology and applications from the Hong Kong Polytechnic University and a diploma in e-Management for executives from the Hong Kong Productivity Council. Mr. Tsang does not have any interest in the securities of the Company within the meaning of Part XV of SFO and he did not hold any directorship in any other listed public companies in the last three years before the Latest Practicable Date.

Non-executive Director

Mr. Lan Yu Ping, aged 43, holds a bachelor degree and master degree in economics from Zhongshan University in the PRC and a master degree in business studies from Massey University in New Zealand. Since 1988, Mr. Lan worked for several financial institutions and investment companies in the PRC and currently he is an associate professor in the International Finance College of the Beijing Normal University (Zhuhai Campus). Mr. Lan has over 11 years of experience in finance and investment fields. Currently, Mr. Lan does not have any interest in the securities of the Company within the meaning of Part XV of SFO and he did not hold any directorship in any other listed public companies in the last three years before the Latest Practicable Date.

Independent non-executive Directors

Mr. Chen Wei Rong, aged 47, is the President of 深圳宇陽科技發展有限公司 (Eyang Technology Development Co., Ltd.) ("Eyang"). Prior to joining Eyang, Mr. Chen served as Vice-President (Operation), Chief Executive Officer and Vice-President of the board of directors of 康佳集團 (Konka Group). Mr. Chen also served as Vice-President of 中國華僑城集團 (China Oct Group). Mr. Chen is a senior engineer who graduated from 中國華南理工大學 (South China University of Technology) in 1982. In 1996, he received recognition as one of the 十大傑出青年企業家 (Top Ten Outstanding Young Enterprises) in Shenzhen as well as one of the 中國經營管理大師 (China Master of Operation And Management) in 1996. Mr. Chen was awarded a 全國五一勞動獎章 (National Labor Medal) in 1997, and he served as an elected representative of the Ninth National People's Congress in 1998. Mr. Chen does not have any interest in the securities of the Company within the meaning of Part XV of SFO. Mr. Chen currently serves as an independent non-executive director of China Photar Electronics Group Limited, a company listed on GEM.

Mr. Cheng Yun Ming, Matthew, aged 36, is a Certified Public Accountant, an associate member of The Hong Kong Institute of Certified Public Accountants and a fellow member of The Association of Chartered Certified Accountants. Mr. Cheng obtained a bachelor degree in accountancy from the Hong Kong Polytechnic University in 1992. Mr. Cheng does not have any interest in the securities of the Company within the meaning of Part XV of SFO. Mr. Cheng currently serves as an independent non-executive director of A & K Educational Software Holdings Limited, a company listed on GEM.

Mr. Sin Ka Man, aged 39, has over 15 years of professional experience in auditing, accounting and financial management for both private and listed corporations. He is an associate member of The Hong Kong Institute of Certified Public Accountants, a fellow member of The Association of Chartered Certified Accountants and a certified practising accountant of the CPA Australia. Mr. Sin holds a bachelor degree in Social Sciences from the University of Hong Kong, a master degree in Finance from the University of Strathclyde, the United Kingdom and a master degree in accounting from Curtin University of Technology, Australia. Mr. Sin does not have any interest in the securities of the Company within the meaning of Part XV of SFO. Mr. Sin is currently an Assistant General Manager who is responsible for the accounting and financial management of China Velocity Group Limited, a company listed on the Main Board of the Stock Exchange.

Senior Management

Ms. Choi Yuen Wa, aged 39, is the qualified accountant and company secretary of the Group. Ms. Choi joined the Group in August, 2005 and is responsible for the financial management, accounting and company secretarial matters of the Group. Ms. Choi holds a master degree in business administration from The University of Surrey in the United Kingdom. Ms. Choi is a fellow member of the Association of Chartered Certified Accountants and is an associate member of the Hong Kong Institute of Certified Public Accountants. Prior to joining to the Group, Ms. Choi had worked in the finance department of two public listed companies Hong Kong. She has over thirteen years of experience in the field of auditing, accounting and financial management.

The business address of the Directors and senior management is Room 2412, 24/F., Wing On Centre, 111 Connaught Road Central, Hong Kong.

3. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date were and immediately following completion of the Share Consolidation and the Rights Issue (assuming the Rights Issue becoming unconditional) will be as follows:

As at the Latest Practicable Date

Authorised:		*HK$*
10,000,000,000	Shares	100,000,000
Issued and fully paid:		*HK$*
675,000,000	Shares	6,750,000

Upon completion of the Share Consolidation and the Rights Issue

Authorised:		*HK$*
1,000,000,000	Consolidated Shares	100,000,000
Issued and fully paid:		*HK$*
67,500,000	Consolidated Shares	6,750,000
33,750,000	Rights Shares to be issued	3,375,000
101,250,000	Consolidated Shares	10,125,000

All of the Consolidated Shares in issue rank pari passu in all respects with each other, including in particular as to dividends, voting rights and capital.

All of the Rights Shares to be issued will rank pari passu in all respect with each other, including, in particular, as to dividends, voting rights and capital, and with all Consolidated Shares in issues as at the date of allotment and issue of the Rights Shares. The Rights Shares to be issued will be listed on GEM.

As at the Latest Practicable Date, the Company does not have any outstanding options, warrants, or other convertible securities in issue which are convertible into Consolidated Shares and no capital of any member of the Group is under option, or agreed conditionally or unconditionally to be put under option.

The Consolidated Shares in issue are listed on GEM. No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than GEM and no application is being made or is currently proposed or sought for the Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

4. CORPORATE INFORMATION

Registered office of the Company	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Head office and principal place of business of the Company in Hong Kong	Room 2412, 24/F Wing On Centre 111 Connaught Road Central Hong Kong
Authorised representatives	Mr. Chao Pang Fei Ms. Choi Yuen Wa (FCCA, CPA)
Company secretary	Ms. Choi Yuen Wa (FCCA, CPA)
Qualified accountant	Ms. Choi Yuen Wa (FCCA, CPA)
Compliance officer	Ms. Hui Hongyan
Financial adviser to the Company in relation to the Rights Issue	Hantec Capital Limited 45th Floor, COSCO Tower 183 Queen's Road Central Hong Kong
Legal advisers to the Company in relation to the Rights Issue	*As to Hong Kong Law:* Hastings & Co. 5th Floor Gloucester Tower The Landmark 11 Pedder Street Hong Kong *As to Cayman Islands Law:* Conyers Dill & Pearman Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111

Auditors	CCIF CPA Limited Certified Public Accountants 20th Floor Sunning Plaza 10 Hysan Avenue Causeway Bay Hong Kong
Hong Kong branch share registrar	Tengis Limited 26th Floor Tesbury Centre 28 Queen's Road East Wanchai Hong Kong
Principal bankers	DBS Bank (Hong Kong) Limited Units 1208-18, Miramar Tower 132-134 Nathan Road Tsimshatsui Kowloon Hong Kong
	Hang Seng Bank Limited 83 Des Voeux Road Central Hong Kong
	The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central Hong Kong

5. DISCLOSURE OF INTERESTS

(a) Directors' interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Long positions in the Shares

Name of director	Nature of interests	Number of Shares held	Approximate percentage of issued share capital
Mr. Chao Pang Fei	Interest of a controlled corporation	345,729,000 (or 34,572,900 Consolidated Shares immediately after the Share Consolidation) *(Note 1)*	51.22%

Note 1: These shares are legally owned by the Controlling Shareholder which is wholly owned by Mr. Chao Pang Fei. By virtue of his 100% shareholding interest in the Controlling Shareholder, Mr. Chao Pang Fei is taken to be interested in all the Shares held by the Controlling Shareholder pursuant to Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

(b) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial Shareholders

As at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, the persons (other than the Directors or the chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were, directly or indirectly, interested in 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 other members of the Group, or had any options in respect of such capital are set out below:

Long positions in the Shares

Name of shareholder	Nature of interests	Number of Shares held	Approximate percentage of issued share capital
Haijing Holdings Limited *(Note 1)*	Beneficial owner	345,729,000 (or 34,572,900 Consolidated Shares immediately after the Share Consolidation)	51.22%

Note 1: Haijing Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and is wholly owned by Mr. Chao Pang Fei. Mr. Chao Pang Fei is also the sole director of Haijing Holdings Limited. On 7 March 2007. The Company and Haijing Holdings Limited entered into the Underwriting Agreement pursuant to which Haijing Holdings Limited (as an underwriter) agrees to underwrite 16,463,550 Rights Shares. In addition, pursuant to the Underwriting Agreement, Haijing Holdings Limited 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.

Save as disclosed above, as at the Latest Practicable Date, the Directors and the chief executive of the Company are not aware of any other persons who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were, directly or indirectly, interested in 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 other members of the Group, or had any options in respect of such capital.

6. LITIGATION

As at the Latest Practicable Date, neither the Company nor other members of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

7. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business of the Company) have been entered into by the Company and/or member(s) of the Group within two years immediately preceding the date of this prospectus which are or may be material:

(a) the Underwriting Agreement;

(b) the S&P Agreement;

(c) a placing agreement dated 20 September 2006 entered into between the Company and Hantec Capital Limited relating to the placing of not more than 112,500,000 Shares by Hantec Capital Limited (as a placing agent) at a placing price of HK$0.048 per placing share with a gross proceeds of approximately HK$5.4 million; and

(d) an underwriting agreement dated 21 December 2005 entered into between the Company and Haijing Holdings Limited relating to the underwriting by Haijing Holdings Limited of 81,885,500 rights shares in the rights issue of the Company at the subscription price of HK$0.02 per rights share with the underwriting commission of 2.5% of the total subscription price of the rights shares underwritten.

Except as disclosed above, the Directors confirm that no other material contract has been entered into by the Group within the two years immediately preceding the date of this prospectus.

8. SERVICE CONTRACT

As at the Latest Practicable Date, none of the Directors has any existing or proposed service contract with any members of the Group which does not expire or is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

9. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS

Save for the Underwriting Agreement in which Mr. Chao Pang Fei is the sole shareholder of the Underwriter, none of the Directors is materially interested in any contract or arrangement subsisting at the Latest Practicable Date which is significant in relation to the business of the Group.

None of the Directors has, or has had, any direct or indirect interest in any assets which have been acquired, disposed of or leased to, or which are proposed to be acquired, disposed of or leased to, the Company or any of its subsidiaries since 31 December 2006, the date to which the latest published audited consolidated financial statements of the Group were made up.

10. COMPETING INTERESTS

None of the Directors, management Shareholders, substantial Shareholders and their respective associates compete or may compete with the business of the Group, or have or may have any other conflicts of interest with the Group pursuant to the GEM Listing Rules.

11. AUDIT COMMITTEE

The Company established an audit committee with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal controls system of the Group. The audit committee comprises three members, Mr. Chen Weirong, Mr. Cheng Yun Ming, Matthew and Mr. Sin Ka Man, who are independent non-executive Directors. Further details of members of the audit committee are set out in the paragraph headed "Directors and senior management" in this appendix.

12. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the professional adviser who has given opinion or advice contained in this prospectus:

Name	Qualifications
CCIF CPA Limited	Certified Public Accountants

CCIF CPA Limited has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion herein of its letter as set out), as the case may be, or references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, CCIF CPA Limited had no shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, CCIF CPA Limited had no any direct or indirect interest in any assets acquired or disposed of by or leased to any member of the Group or is proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2006, being the date to which the latest published audited consolidated financial statements of the Group were made up.

13. EXPENSES OF THE RIGHTS ISSUE

The expenses in connected with the Rights Issue, including the financial advisory fee, underwriting commission, printing, registration, translation, legal and accounting fees, are estimated to be approximately HK$0.4 million and will be payable by the Company.

14. PROCEDURES FOR DEMANDING A POLL BY SHAREHOLDERS

Article 66 of the Articles sets out the following procedures by which Shareholders may demand a poll.

At any general meeting, a resolution put to the vote of the meeting shall be decided on a show of hand unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll), a poll is duly demanded by:

i) the chairman of the meeting; or

ii) at least three members present in person or in the case of a member being a corporation by its duly authorized representative or by proxy for the time being entitled to vote at the meeting; or

iii) any member or members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or

iv) a member or members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

15. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

A copy of each of the Prospectus Documents, having attached thereto the written consent referred to under the heading "Qualification and consent of expert" in this appendix, have been registered with the Registrar of Companies in Hong Kong as required by section 342C of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong).

16. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during 9:30 a.m. to 5:00 p.m. at the head office and principal place of business of the Company in Hong Kong at Room 2412, 24/F., Wing On Centre, 111 Connaught Road Central, Hong Kong from the date of this prospectus up to and including 25 April 2007:

(a) the memorandum and articles of association of the Company;

(b) the annual reports of the Company for the two years ended 31 December 2006;

(c) the letter issued by CCIF CPA Limited dated 11 April 2007 on the statement of unaudited pro forma adjusted consolidated net tangible assets of the Group, the text of which is set out in Appendix II to this prospectus;

(d) the letter of consent from CCIF CPA Limited as referred to in the paragraph headed "Qualification and consent of expert" in this appendix;

(e) the material contracts as referred to in the paragraph headed "Material contracts" in this appendix;

(f) this prospectus; and

(g) the circular of the Company dated 29 January 2007 in relation to the Major Transaction.