



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

THIRD QUARTERLY REPORT 2006

(Stock Code: 8065)

中國
海景

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GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this report, 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 report.

This report, for which the directors (the “Directors”) of Sino Haijing Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report 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 report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

THIRD QUARTER UNAUDITED RESULTS

The board of Directors (the "Board") of the Company is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the three months and nine months ended 30 September 2006, together with the comparative unaudited figures for the corresponding period in 2005 as follows:

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Nine months ended 30 September 2006 HK\$'000	Nine months ended 30 September 2005 HK\$'000	Three months ended 30 September 2006 HK\$'000	Three months ended 30 September 2005 HK\$'000
Turnover	2	3,857	14,181	709	5,854
Cost of sales		(4,199)	(10,980)	(855)	(4,510)
Gross profit		(342)	3,201	(146)	1,344
Other income		210	334	153	258
Administrative and other operating expenses		(3,844)	(3,387)	(1,511)	(1,270)
Operating (loss)/profit		(3,976)	148	(1,504)	332
Finance costs		(36)	(100)	-	(8)
(Loss)/Profit before taxation		(4,012)	48	(1,504)	324
Taxation	3	(3)	(80)	-	(80)
(Loss)/Profit attributable to shareholders		(4,015)	(32)	(1,504)	244
Dividend	4	-	-	-	-
(Loss)/Earnings per share – Basic	5	(0.75) cents	(0.01) cents	0.28 cents	0.07 cents



Notes:

1. Basis of preparation and principal accounting policies

The unaudited condensed consolidated financial statements for the period ended 30 September 2006 (the "Period") have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations), issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "GEM Listing Rules").

The unaudited condensed consolidated financial statements have been prepared under the historical cost convention, except for the available-for-sale financial assets that have been measured at fair value. The principal accounting policies and method of computations use in the preparation of the unaudited condensed consolidated financial statements are consistent with those used in the preparation of the Group's financial statements for the year ended 31 December 2005.

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

HKAS 19 (Amendment)	Actuarial gains or losses, group plans and disclosures
HKAS 21 (Amendment)	Net Investment in a Foreign Operation
HKAS 39 (Amendment)	The Fair Value Option

The Group has not early adopted the following standards that have been issued but not yet effective. The adoption of such standards will not result in substantial changes to the Group's accounting policies.

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments – Disclosures

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



2. Turnover and revenue

The Group is principally engaged in investment holding, provision of Intelligent Building Systems (IBS) Solutions and the sales of electronic equipment.

Turnover for the period ended 30 September 2005 and 2006 represented revenue recognised from the provision of IBS solutions and maintenance, building contracting and the net invoiced value of goods sold. An analysis of the Group's turnover and other major revenue is set out below:

	Nine months ended 30 September 2006 HK\$'000 (unaudited)	Nine months ended 30 September 2005 HK\$'000 (unaudited)	Three months ended 30 September 2006 HK\$'000 (unaudited)	Three months ended 30 September 2005 HK\$'000 (unaudited)
IBS solutions and maintenance, building contracting services and sales of goods	3,857	14,181	709	5,854
Interest income	97	11	41	5
	3,954	14,192	750	5,859

3. Taxation

No provision for Hong Kong profits tax has been made in the account as the Group does not have any assessable profit for the period presented (2005: Nil).

4. Dividend

For the nine months ended 30 September 2006, the Board does not recommend the payment of a dividend (2005: Nil).

5. (Loss)/Earnings per share

(Loss)/Earnings per share for the three months and nine months ended 30 September 2006 and for the corresponding period in 2005 was calculated based on the following figures:

	Nine months ended 30 September 2006 HK\$'000 (unaudited)	Nine months ended 30 September 2005 HK\$'000 (unaudited)	Three months ended 30 September 2006 HK\$'000 (unaudited)	Three months ended 30 September 2005 HK\$'000 (unaudited)
Unaudited consolidated (loss)/profit attributable to shareholders	<u>(4,015)</u>	(32)	<u>(1,504)</u>	<u>244</u>
Weighted average number of shares – Basic	<u>535,714,286</u>	375,000,000	<u>535,714,286</u>	<u>375,000,000</u>
(Loss)/Earnings per share – Basic	<u>(0.75) cents</u>	(0.01) cent	<u>(0.28) cents</u>	<u>0.07 cent</u>

6. Reserves

Movements of reserves for the nine months ended 30 September 2006

	Issued capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Capital reserve(s) <i>HK\$'000</i>	Investment revaluation reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1/1/2005	3,750	8,672	117	-	10,176	22,715
Opening adjustment for the adoption of HKAS 39	-	-	-	(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 <i>(Audited)</i>	<u>3,750</u>	<u>8,672</u>	<u>117</u>	<u>(232)</u>	<u>1,432</u>	<u>13,739</u>
At 1/1/2006	3,750	8,672	117	(232)	1,432	13,739
Rights issue	1,875	-	-	-	-	1,875
Premium on rights issue	-	1,875	-	-	-	1,875
Issuing expense for rights issue	-	(65)	-	-	-	(65)
Fair value loss on available-for-sale financial assets	-	-	-	46	-	46
Loss for the period	-	-	-	-	(4,015)	(4,015)
At 30/9/2006 <i>(Unaudited)</i>	<u>5,625</u>	<u>10,482</u>	<u>117</u>	<u>186</u>	<u>(2,583)</u>	<u>13,455</u>



MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For the nine months ended 30 September 2006, turnover was approximately HK\$3.86 million, representing a decrease of approximately 72.8% as compared with that for the corresponding period in 2005. Loss attributable to shareholders was approximately HK\$4,015,000 as compared with loss of approximately HK\$32,000 for the corresponding period in 2005.

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

Business Review

Over the recent years, the Group has constantly suffered from profit setbacks with newly-constructed buildings of the construction sector in the territory showing no sign of increase. To foster a sustainable development, in addition to strengthening existing business, the Company has designed an educational-related intelligent system targeted at international schools with stronger spending power, with a vision to establishing a larger market share in these economically synergetic markets.

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





Business Outlook

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

Our profit enhancement efforts have not gained proven results and do not offset the existing industrial difficulties. Accordingly, the Group actively extends our 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 has identified a new investment target which belongs to packaging industry and intends to invest HK\$2.7 million to pursue this new business opportunity. However, the Group has no current intention to change its principal business activities in relation to the IBS industry.

DISCLOSURE OF AGGREGATED RECEIVABLES ARISING FROM THE ORDINARY COURSE OF BUSINESS OF THE GROUP

The following continuing disclosure is made pursuant to Rule 17.22 of the GEM Listing Rules.

As at 30 September 2006, there were 562,500,000 shares of the Company in issue. Based on the average closing price of the Company's shares of HK\$0.0656 as stated in the Stock Exchange's daily quotation sheets for the trading days from 25 September 2006 to 29 September 2006 (both days inclusive), being the five business days immediately preceding 30 September 2006, the total market capitalisation of the Company was approximately HK\$36,900,000 (the "Total Market Capitalisation") as at 30 September 2006.

As at 30 September 2006, the consolidated total assets value of the Group was approximately HK\$15,379,054 (the "Total Assets Value").

As at 30 September 2006, the following aggregated receivables of the Group exceeded 8% of either the Total Market Capitalisation and/or the Total Assets Value:

Customer Name	HK\$	Approximate percentage of Total Market Capitalisation	Approximate percentage of Total Assets Value
Huns Engineering Co., Ltd	1,597,012	4.3%	10.4%
Cheung Hing E & M Ltd	1,296,270	3.5%	8.4%
Tridant Engineering Co., Ltd	1,238,153	3.4%	8.1%



All of the above customers and their ultimate beneficial owners are independent of and are not connected with, the Company or its subsidiaries, the directors, chief executive, management shareholders or substantial shareholders of the Company and its subsidiaries or their respective associates (as defined in the GEM Listing rules).

The aggregated receivables were resulted from the provision of intelligent building systems solutions and the sales of electronic equipment by the Group in its ordinary course of business and on normal commercial terms. They are all unsecured and repayable in accordance with the credit terms as agreed with the relevant customers. No interest had been charged on and no collateral had been received on the balances.

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

As at 30 September 2006, the interests or short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 under the Laws of Hong Kong) ("SFO"), which will have to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have taken under such provision of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or



which were required, pursuant to the Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

(a) Long positions in the shares of the Company

Name of Director	Type of interests	Number of securities	Approximate percentage of shareholding
Mr. Chao Pang Fei ("Mr. Chao")	Interest of a controlled corporation	345,729,000 shares (<i>Note</i>)	61.46%

Note:

These shares are legally owned by Haijing Holdings Limited ("Haijing"), a company incorporated in the British Virgin Islands ("BVI") with limited liability and is wholly owned by Mr. Chao. By virtue of his 100% shareholding interest in Haijing, Mr. Chao is taken to be interested in all the shares of the Company held by Haijing pursuant to Part XV of the SFO.

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

Save as disclosed herein, as at 30 September 2006, none of the Directors or chief executives of the Company has short positions in the shares, underlying shares of equity derivatives of the Company or any of its associated corporations.

PERSONS WHO HAVE AN INTEREST OR A SHORT POSITION WHICH IS DISCLOSEABLE UNDER DIVISIONS 2 AND 3 OF PART XV OF THE SFO AND SUBSTANTIAL SHAREHOLDING

So far as is known to any Director or chief executive of the Company, as at 30 September 2006, persons (not being a Director or chief executive of the Company) who have an interest or a short position in the shares or underlying shares of the Company which would fall to be disclosed under the provisions of



Divisions 2 and 3 of Part XV of the SFO or be interested in, directly or indirectly, 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any member of the Group were as follows:

(a) Long positions in the shares of the Company

Name	Type of interests	Number of shares	Approximate percentage of interests
Haijing (<i>Note</i>)	Beneficial owner	345,729,000 shares	61.46%

Note:

Haijing is a company incorporated in the BVI and is wholly owned by Mr. Chao.

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

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

COMPETING INTERESTS

As at 30 September 2006, none of the Directors or management shareholders (as defined in GEM Listing Rules) of the Company or their respective associates had interests in a business which competed or was likely to compete, either directly or indirectly, with the business of the Company.





CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all directors of the Company, all Directors confirm that they complied with such code of conduct throughout the nine months ended 30 September 2006.

PURCHASE, DISPOSAL OR REDEMPTION OF SECURITIES

During the period ended 30 September 2006, neither the Company, nor any of its subsidiaries purchased, disposed of or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

In accordance with the requirements of the GEM Listing Rules, the Group established an audit committee comprising three independent non-executive directors of the Company. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group.

The audit committee currently comprises three independent non-executive directors, namely Mr. Chen Weirong, Mr. Cheng Yun Ming, Matthew and Mr. Sin Ka Man.





The Group's unaudited condensed consolidated quarterly results for the nine months ended 30 September 2006 have been reviewed by the audit committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

By order of the Board
SINO HAIJING HOLDINGS LIMITED
CHAO PANG FEI
Chairman

Hong Kong, 13 November 2006

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

