

THIRD QUARTERLY REPORT 2007



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

(Stock Code : 8065)

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This report, for which the directors (the “Directors”) of Sino Hajing 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 2007, together with the comparative unaudited figures for the corresponding period in 2006 as follows:

Unaudited Condensed Consolidated Income Statement

		Nine months ended 30 September 2007 HK\$'000	Nine months ended 30 September 2006 HK\$'000	Three months ended 30 September 2007 HK\$'000	Three months ended 30 September 2006 HK\$'000
	Note				
Turnover	2	7,676	3,857	4,483	709
Cost of sales		(7,697)	(4,199)	(4,607)	(855)
Gross profit		(21)	(342)	(124)	(146)
Other income		576	210	251	153
Administrative and other operating expenses		(6,983)	(3,844)	(2,550)	(1,511)
Operating loss		(6,428)	(3,976)	(2,423)	(1,504)
Finance costs		(12)	(36)	–	–
Loss before taxation		(6,440)	(4,012)	(2,423)	(1,504)
Taxation	4	–	(3)	–	–
Loss attributable to shareholders		(6,440)	(4,015)	(2,423)	(1,504)
Dividend	5	–	–	–	–
Loss per share – Basic	6	(7.2) cents	(7.5) cents	(2.7) cents	(2.8) cents

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Turnover and profit

For the nine months ended 30 September 2007, turnover was approximately HK\$7.68 million, representing an increase of approximately 99% as compared with that for the corresponding period in 2006. Loss attributable to shareholders was approximately HK\$6,440,000 as compared with loss of approximately HK\$4,015,000 for the corresponding period in 2006.

The increase in loss attributable to shareholders was due to fierce competition in IBS industry which remained serious, and which led to continuous decline in gross profit margin of projects as a result of price-cutting strategies adopted by IBS competitors and increase in impairment loss of trade and retention money receivables.

Business Review

Business Development in Hong Kong

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. As the operation of IBS business was continuously suffered from loss for the past few years, the Group is considering to cease or to dispose the IBS business in the coming future.

Business Development in PRC

In order to diversify the business risk associated in IBS industry, the Group has started its trading business of packaging materials in PRC in 2007 and the result is encouraging. The Group believes that the demand of packaging materials in PRC is increasing and the prospect to develop the business in this field is promising.

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. In this connection, the Group is considering to cease or to dispose the IBS business in the coming future.

Moreover, to diversify the business risks associate in IBS industry so as to achieve continuous development and expansion, the Group has pursued business opportunity in the packaging industry. On 29 December, 2006, the Group entered into the S&P Agreement in relation to the acquisition of a land use right on the Land at the consideration of RMB3,398,100 (equivalent to approximately HK\$3.36 million). The Land will be used for the construction of production plant of the Group for the manufacture of paper products and packaging materials. The construction of production plant will be expected to be completed by the end of 2007. The Group is considering to pursue an investment opportunity in the packaging industry in the coming future.

Notes:

1. Basis of preparation and principal accounting policies

The unaudited condensed consolidated financial statements for the period ended 30 September 2007 (the "Period") have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations), issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "GEM Listing Rules").

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

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

HKFRS 7	Financial instruments: disclosures
HKAS 1 (Amendment)	Presentation of financial statements: capital disclosures

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

2. Turnover

Turnover for the period ended 30 September 2006 and 2007 represented revenue recognised in respect of IBS solutions and maintenance and the net involved value of goods sold. An analysis of the Group's turnover is set out below:-

	Nine months ended 30 September		Three months ended 30 September	
	2007 HK\$'000 (Unaudited)	2006 HK\$'000 (Unaudited)	2007 HK\$'000 (Unaudited)	2006 HK\$'000 (Unaudited)
IBS solutions and maintenance	1,242	3,857	336	709
Sales of packaging materials	6,434	–	4,147	–
	7,676	3,857	4,483	709

3. Segment information

(i) Business segments

The following table presents revenue, profit (loss) information for the Group's business segments for the nine months ended 30 September 2007.

	IBS solutions and maintenance <i>HK\$'000</i>	Sales of packaging materials <i>HK\$'000</i>	Total <i>HK\$'000</i>
TURNOVER	<u>1,242</u>	<u>6,434</u>	<u>7,676</u>
RESULTS			
Segment results	(6,898)	(106)	(7,004)
Unallocated corporate income			<u>576</u>
Loss from operations			(6,428)
Finance costs			<u>(12)</u>
Loss before taxation			(6,440)
Taxation			<u>-</u>
Loss for the period attributable to equity holders of the Company			<u>(6,440)</u>

The following table presents revenue, profit (loss) information for the Group's business segments for the nine months ended 30 September 2006.

	IBS solutions and maintenance <i>HK\$'000</i>	Sales of packaging materials <i>HK\$'000</i>	Total <i>HK\$'000</i>
TURNOVER	<u>3,857</u>	<u>-</u>	<u>3,857</u>
RESULTS			
Segment results	(4,186)	-	(4,186)
Unallocated corporate income			<u>210</u>
Loss from operations			(3,976)
Finance costs			<u>(36)</u>
Loss before taxation			(4,012)
Taxation			<u>(3)</u>
Loss for the period attributable to equity holders of the Company			<u>(4,015)</u>

(ii) **Geographical segments**

The following table presents revenue information for the Group's geographical segments for the nine months ended 30 September 2007.

	Hong Kong		Mainland China		Total	
	2007	2006	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
TURNOVER	<u>1,242</u>	<u>3,857</u>	<u>6,434</u>	<u>-</u>	<u>7,676</u>	<u>3,857</u>

4. Taxation

No provision for Hong Kong profits tax has been made in the accounts as the Group does not have any assessable profit for the period presented (2006: Nil).

5. Dividend

For the nine months ended 30 September 2007, the Board does not recommend the payment of a dividend (2006: Nil).

6. Earnings per share

Earnings per share for the three months and nine months ended 30 September 2007 and for the corresponding period in 2006 was calculated based on the following figures:

	Nine months ended 30 September 2007 HK\$'000 (Unaudited)	Nine months ended 30 September 2006 HK\$'000 (Unaudited)	Three months ended 30 September 2007 HK\$'000 (Unaudited)	Three months ended 30 September 2006 HK\$'000 (Unaudited)
Unaudited consolidated loss attributable to shareholders	<u>(6,440)</u>	<u>(4,015)</u>	<u>(2,423)</u>	<u>(1,504)</u>
Weighted average number of shares – Basic	<u>89,505,495</u>	<u>53,571,426</u>	<u>89,505,495</u>	<u>53,571,428</u>
Loss per share – Basic	<u>(7.2) cents</u>	<u>(7.5) cents</u>	<u>(2.7) cents</u>	<u>(2.8) cents</u>

7. Reserves

Movements of reserves for the nine months ended 30 September 2007

	Issued capital	Share premium	Capital reserve (a)	Translation reserve	Investment revaluation reserve	Retained profits/ (accumulated losses)	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1/1/2006	3,750	8,672	117	–	(232)	1,432	13,739
Issue of one rights share for every two existing shares	1,875	1,875	–	–	–	–	3,750
Placing of new shares	1,125	4,275	–	–	–	–	5,400
Issuing expenses	–	(158)	–	–	–	–	(158)
Fair value gain on available-for-sale financial assets	–	–	–	–	92	–	92
Net loss for the year	–	–	–	–	–	(9,226)	(9,226)
At 31/12/2006	6,750	14,664	117	–	(140)	(7,794)	13,597
At 1/1/2007	6,750	14,664	117	–	(140)	(7,794)	13,597
Issue of one rights share for every two existing shares	3,375	6,750	–	–	–	–	10,125
Issuing expenses	–	(879)	–	–	–	–	(879)
Placing of new shares	2,025	16,605	–	–	–	–	18,630
Exchange differences arising on translation of a foreign operation	–	–	–	150	–	–	150
Fair value gain on available-for-sale financial assets	–	–	–	–	4	–	4
Loss for the period	–	–	–	–	–	(6,440)	(6,440)
At 30/9/2007 (Unaudited)	12,150	37,140	117	150	(136)	(14,234)	35,187

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

As at 30 September 2007, the interests or short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 under the Laws of Hong Kong) ("SFO"), which will have to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have taken under such provision of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

(a) Long positions in the shares of the Company

Name of Director	Type of interests	Number of securities	Approximate percentage of shareholding
Mr. Chao Pang Fei ("Mr. Chao")	Interest of a controlled corporation	51,909,350 shares <i>(Note)</i>	42.72%
	Personal interest	9,030,000 shares	7.43%
	Total	<u>60,939,350 shares</u>	<u>50.15%</u>

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 2007, none of the Directors or chief executives of the Company has short positions in the shares, underlying shares of equity derivatives of the Company or any of its associated corporations.

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

So far as is known to any Director or chief executive of the Company, as at 30 September 2007, persons (not being a Director or chief executive of the Company) who have an interest or a short position in the shares or underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or be interested in, directly or indirectly, 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any member of the Group were as follows:

(a) Long positions in the shares of the Company

Name	Type of interests	Number of shares	Approximate percentage of interests
Haijing (<i>Note</i>)	Beneficial owner	51,905,350 shares	42.72%

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 2007, none of the Directors or management shareholders (as defined in GEM Listing Rules) of the Company or their respective associates had interests in a business which competed or was likely to compete, either directly or indirectly, with the business of the Company.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all directors of the Company, all Directors confirm that they complied with such code of conduct throughout the nine months ended 30 September 2007.

PURCHASE, DISPOSAL OR REDEMPTION OF SECURITIES

During the period ended 30 September 2007, neither the Company, nor any of its subsidiaries purchased, disposed of or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

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

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

The Group's unaudited condensed consolidated quarterly results for the nine months ended 30 September 2007 have been reviewed by the audit committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

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

Hong Kong, 2 November 2007

As at the date of this report, the Board comprises of Mr. Chao Pang Fei (executive Director), Ms. Hui Hongyan (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).