THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Sino Haijing Holdings Limited**, you should at once hand this circular and the accompanying forms of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was affected for transmission to the purchaser or transferee.

This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities mentioned herein.

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)

(1) VERY SUBSTANTIAL ACQUISITIONS AND CONNECTED TRANSACTIONS INVOLVING THE ISSUE OF CONSIDERATION SHARES (2) VERY SUBSTANTIAL DISPOSAL AND (3) REFRESHMENT OF GENERAL MANDATES

Financial adviser to Sino Haijing Holdings Limited

DBS

Independent financial adviser to the Independent Board Committee

集團 滙富 KingswayGroup

Kingsway Capital Limited

Terms defined in the section headed "Definitions" of this circular have the same meanings when used in this cover page, unless the context otherwise requires.

A letter from the Board is set out on pages 7 to 29 of this circular. A letter from the Independent Board Committee is set out on pages 30 to 31 of this circular. A letter from Kingsway containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 32 to 58 of this circular.

A notice convening the First EGM to be held at Room 2412, 24th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong at 11:00 a.m. on 2 January 2008 is set out on pages 212 to 215 of this circular. A form of proxy for use at the First EGM is also enclosed. Whether or not you intend to attend the First EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the First EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the First EGM or any adjourned meeting if you so wish.

A notice convening the Second EGM to be held at Room 2412, 24th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong at 11:00 a.m. on 14 January 2008 is set out on pages 216 to 218 of this circular. A form of proxy for use at the Second EGM is also enclosed. Whether or not you intend to attend the Second EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the Second EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Second EGM or any adjourned meeting if you so wish.

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

17 December 2007

CHARACTERISTICS OF THE 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 of the Stock Exchange 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 in order to obtain up-to-date information on GEM-listed issuers.

CONTENTS

In this circular, the following expressions have the meanings set out below unless the context requires otherwise:

"Acquisitions"	the Dragon Vault Acquisition and the Wisdom Sun Acquisition
"Acquisition Special Mandate"	the special mandate to be sought from the Independent Shareholders to cover the allotment and issue of the Wisdom Sun Consideration Shares
"Announcement"	the announcement of the Company dated 21 November 2007 in relation to, among other things, the Acquisitions and the Disposal
"associate(s)"	as defined in the GEM Listing Rules
"Board"	the board of Directors of the Company
"business day(s)"	any day(s), except Saturday, Sunday and public holidays, on which banks in Hong Kong are open for business
"BVI"	British Virgin Islands
"Company"	Sino Haijing Holdings Limited, a limited liability company incorporated in Cayman Islands and the Shares of which are listed on GEM
"connected person(s)"	as defined in the GEM Listing Rules
"Dalian Haijing"	大連海景包裝制品有限公司 (Da Lian Haijing Packing Materials Co., Ltd.*), a limited liability company established in the PRC on 23 August 2007
"Director(s)"	director(s) of the Company
"Disposal"	the proposed disposal of 100% interests in Innovis HK by Innovis BVI pursuant to the Disposal Agreement
"Disposal Agreement"	the agreement entered into between Innovis BVI and Mr. Lam pursuant to which Innovis BVI will conditionally dispose of 100% interest in Innovis HK to Mr. Lam
"Disposal Completion"	completion of the Disposal Agreement

"Disposal Consideration"	the total consideration of HK$50,000 payable in cash by Mr. Lam to the Company for the Disposal
"Dragon Vault"	Dragon Vault International Limited, a limited company incorporated in the BVI on 12 May 2006, which is wholly and beneficially owned by Mr. Chao
"Dragon Vault Acquisition"	the proposed acquisition by Great Prospect from Mr. Chao of the entire issued share capital of Dragon Vault pursuant to the Dragon Vault Acquisition Agreement
"Dragon Vault Acquisition Agreement"	the agreement entered into between Mr. Chao, as the vendor, and Great Prospect, as the purchaser, on 13 November 2007 in respect of the Dragon Vault Acquisition
"Dragon Vault Completion"	completion of the Dragon Vault Acquisition
"Dragon Vault Consideration"	the total consideration of HK$7,000,000 payable by Great Prospect to Mr. Chao for the Dragon Vault Acquisition
"Dragon Vault Group"	Dragon Vault, Yearfull International and Hefei Meiling Rongfeng
"EPS"	expandable polystyrene, a commonly used cushion packaging materials for electrical products
"Existing General Mandate"	the general mandate to authorize the Directors to allot and issue up to 20,250,000 Shares pursuant to the resolution held at the annual general meeting of the Company held on 10 May 2007
"First EGM"	the extraordinary general meeting of the Company to be convened and held to consider, among other things, the Acquisitions, the Disposal and the First Refreshed General Mandate
"First Refreshed General Mandate"	the refreshed general mandate proposed to be granted to the Directors by the Independent Shareholders at the First EGM to issue not more than 20% of the total issued share capital of the Company as at the date of passing of the resolution(s) by the Independent Shareholders at the First EGM
"GEM"	the Growth Enterprise Market of the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM
"Great Prospect"	Great Prospect Enterprises Limited, a limited company incorporated in the BVI and a wholly owned subsidiary of the Company

"Group"	the Company and its subsidiaries
"Guaranteed Amount"	RMB38,000,000
"Haijing Holdings"	Haijing Holdings Limited, a company incorporated in the BVI with limited liability and is wholly owned by Mr. Chao
"Hefei Haijing"	合肥海景包裝制品有限公司 (He Fei Haijing Packing Materials Co., Ltd.*), a wholly foreign-owned enterprise established in the PRC on 3 January 2001
"Hefei Meiling Rongfeng"	合肥美菱榮豐包裝制品有限公司 (He Fei Mei Ling Rong Feng Packing Materials Co., Ltd.*), a sino-foreign equity joint venture company established in the PRC on 17 May 2007
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Honor Glory"	Honor Glory International Investment Limited, a limited company incorporated in Hong Kong on 2 October 2007, which is wholly and beneficially owned by Wisdom Sun
"Huizhou Haijing"	海景包裝設計開發(惠州)有限公司 (Haijing Packing Research & Development (Hui Zhou) Co., Ltd.*), a wholly foreign-owned enterprise established in the PRC on 9 July 2007
"IBS"	acronym for intelligent building system
"Independent Board Committee"	an independent board committee of the Board comprising all the independent non-executive Directors, namely Mr. Chen Weirong, Mr. Cheng Yun Ming, Matthew and Mr. Sin Ka Man
"Independent Shareholder(s)"	Shareholders, other than Mr. Chao and his associates, who are not connected nor interested in the Acquisitions, or not required to abstain from voting at the First EGM
"Independent Third Party (Parties)"	third party (parties) independent from the Company, Mr. Chao, his associates and other connected persons of the Company
"Innovis BVI"	Innovis (IB) Limited, a limited liability company incorporated in the BVI, a wholly-owned subsidiary of the Company

"Innovis HK"	Innovis Technology Limited, a limited company incorporated in Hong Kong, an indirectly wholly-owned subsidiary of the Company
"Kingsway"	Kingsway Capital Limited, a corporation licensed under the SFO to carry on type 6 regulated activity and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisitions and the Refreshed General Mandates
"Last Trading Day"	13 November 2007, being the last trading day prior to the suspension in trading of Shares pending the release of the Announcement
"Latest Practicable Date"	13 December 2007, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
"Mr. Chao"	Mr. Chao Pang Fei, Director and beneficial owner of approximately 50.15% issued Shares of the Company as at the Latest Practicable Date
"Mr. Lam"	Mr. Lam Ying Hung Andy, a former independent non-executive Director and the purchaser under the Disposal Agreement
"Mrs. Chao"	Ms. Sam Mei Wa, spouse of Mr. Chao
"PRC" or "China"	the People's Republic of China, and for the purposes of this circular, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Profit Guarantee Undertaking Letter"	an undertaking given by Mr. Chao and Mrs. Chao in favour of Great Prospect dated 20 November 2007
"Qingdao Haijing"	青島海景包裝制品有限公司 (Qingdao Haijing Packing Materials Co., Ltd.*), a wholly foreign-owned enterprise established in the PRC on 13 June 2000
"Qingdao Haijing Mould Products"	青島海景模具制品有限公司 (Qingdao Haijing Mould Products Co., Ltd.*), a wholly foreign-owned enterprise established in the PRC on 27 October 2003
"Qingdao Haijing Paper"	青島海景紙制品有限公司 (Qingdao Haijing Paper Products Company Limited*), a sino-foreign equity joint venture company established in the PRC on 8 October 2006

"Qingdao Xinhaijing"	青島新海景包裝制品有限公司 (Qingdao Xinhaijing Packing Materials Co., Ltd.*), a wholly foreign-owned enterprise established in the PRC on 13 August 2001
"Refreshed General Mandates"	the First Refreshed General Mandate and the Second Refreshed General Mandate
"Resulting Group"	the Group as enlarged by the Wisdom Sun Group and Dragon Vault Group immediately after completion of the Acquisitions and the Disposal
"RMB"	Renminbi, the lawful currency of the PRC
"Second EGM"	the extraordinary general meeting of the Company to be convened and held to consider, among other things, the Second Refreshed General Mandate
"Second Refreshed General Mandate"	the refreshed general mandate proposed to be granted to the Directors by the Independent Shareholders at the Second EGM to issue not more than 20% of the total issued share capital of the Company as at the date of passing of the resolution(s) by the Independent Shareholders at the Second EGM
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended from time to time
"Share(s)"	ordinary share(s) of HK$0.10 in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Wisdom Sun"	Wisdom Sun International Limited, a limited company incorporated in the BVI on 1 August 2007, which is wholly and beneficially owned by Mrs. Chao
"Wisdom Sun Acquisition"	the proposed acquisition by Great Prospect from Mrs. Chao of the entire issued share capital of Wisdom Sun pursuant to the Wisdom Sun Acquisition Agreement
"Wisdom Sun Acquisition Agreement"	the agreement entered into between Mrs. Chao, as the vendor, and Great Prospect, as the purchaser, on 13 November 2007 in respect of the Wisdom Sun Acquisition

"Wisdom Sun Completion"	completion of the Wisdom Sun Acquisition
"Wisdom Sun Consideration"	the total consideration of HK$171,965,517 payable by Great Prospect to Mrs. Chao for the Wisdom Sun Acquisition
"Wisdom Sun Consideration Shares"	120,689,655 new Shares to be allotted and issued at the issue price of HK$1.11 per Wisdom Sun Consideration Share to Haijing Holdings for the purpose of the settlement of part of the Wisdom Sun Consideration
"Wisdom Sun Group"	Wisdom Sun, Wise Star, Honor Glory, Huizhou Haijing, Qingdao Haijing Mould Products, Qingdao Xinhaijing, Qingdao Haijing, Qingdao Haijing Paper, Hefei Haijing and Dalian Haijing
"Wise Star"	Wise Star Group Holdings Limited, a limited company incorporated in Hong Kong on 28 September 2007, which is wholly and beneficially owned by Wisdom Sun
"Yearfull International"	Yearfull International Investment Limited, a limited company incorporated in Hong Kong on 2 October 2007, which is wholly and beneficially owned by Dragon Vault
"%"	per cent.

Note: For illustration purpose of this circular, exchange rate of RMB1.00 = HK$0.99 and US$1.00 = RMB7.4538 has been used for conversion.

* *for identification purpose only*

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

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 in Hong Kong:
Room 2412, 24th Floor
Wing On Centre
111 Connaught Road Central
Hong Kong

17 December 2007

To the Shareholders

Dear Sirs or Madams,

(1) VERY SUBSTANTIAL ACQUISITIONS AND CONNECTED TRANSACTIONS INVOLVING THE ISSUE OF CONSIDERATION SHARES (2) VERY SUBSTANTIAL DISPOSAL AND (3) REFRESHMENT OF GENERAL MANDATES

INTRODUCTION

On 21 November 2007, the Company announced that on 13 November 2007, (i) Great Prospect entered into the Wisdom Sun Acquisition Agreement to conditionally acquire from Mrs. Chao 100% interest in Wisdom Sun, (ii) Great Prospect entered into the Dragon Vault Acquisition Agreement with Mr. Chao to conditionally acquire from Mr. Chao 100% interest in Dragon Vault, and (iii) Innovis BVI entered into the Disposal Agreement to conditionally dispose of 100% interest in Innovis HK to Mr. Lam.

The purpose of this circular is to provide you with further information regarding, among other things, (i) details of the Wisdom Sun Acquisition; (ii) details of the Dragon Vault Acquisition; (iii) details of the Disposal; (iv) the First Refreshed General Mandate; (v) the Second Refreshed General Mandate; (vi) a letter from the Independent Board Committee containing its advice and recommendation to the Independent Shareholders in respect of the Acquisitions and the Refreshed General Mandates; (vii) a letter from Kingsway, the independent financial adviser to the Independent Board Committee and the Independent Shareholders containing its advice to the Independent Board Committee and the Independent Shareholders in respect of the Acquisitions and the Refreshed General Mandates; and (viii) the notices of the First EGM and the Second EGM.

WISDOM SUN ACQUISITION AGREEMENT

Date:

13 November 2007

Parties

Vendor	:	Mrs. Chao
Purchaser	:	Great Prospect

Subject of the Wisdom Sun Acquisition

100% issued share capital in Wisdom Sun which is beneficially and legally held by Mrs. Chao.

Wisdom Sun Consideration

The consideration for the Wisdom Sun Acquisition is HK$171,965,517, which was determined on arm's length basis. Wisdom Sun Consideration shall be payable by Great Prospect to Mrs. Chao:

(i) as to HK$38,000,000 payable in cash ("Wisdom Sun Cash Payment"), in which HK$13,000,000 will be payable on completion of the Wisdom Sun Acquisition Agreement, and HK$25,000,000 will be payable within 12 months from the date of completion of the Wisdom Sun Acquisition Agreement; and

(ii) as to HK$133,965,517 by the Company issuing the 120,689,655 Wisdom Sun Consideration Shares to Haijing Holdings at an issue price of HK$1.11 per Wisdom Sun Consideration Share.

The Wisdom Sun Cash Payment will be funded by the Group's internal resources and/or bank borrowings and/or other fund raising exercise.

In order to provide better financial flexibility to the Group, Mrs. Chao undertook to Great Prospect that she would not demand immediate payment of the Wisdom Sun Cash Payment from Great Prospect on the relevant payment dates if such payment(s) would cause a shortage of cashflow for Great Prospect (or its direct or indirect subsidiaries) to fulfill its daily operation need. However, the Directors are of the opinion that in the absence of unforeseen circumstances and after taking into account the current cash balance and resources of the Resulting Group, Great Prospect will have sufficient working capital to pay, and it is the intention of the Group to pay, to Mrs. Chao of the Wisdom Sun Cash Payment on time.

The Wisdom Sun Consideration was determined after arm's length negotiations between the parties after having taken into account, among other things, (i) the Profit Guarantee Undertaking Letter; (ii) the track record, client base and business prospects of the Wisdom Sun Group; and (iii) the potential profitability of Dalian Haijing. Taking the above factors into account, the Directors are of the view that the terms of the Wisdom Sun Acquisition Agreement and the Wisdom Sun Consideration are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The basis in respect of the issue price of the Wisdom Sun Consideration Shares was determined between the parties, among other things, after arm's length negotiations with reference to the Company's recent share price performance at the time when the Wisdom Sun Acquisition Agreement was entered into between Mrs. Chao and Great Prospect.

The issue price of HK$1.11 per Wisdom Sun Consideration Share represents:

(i) a premium of approximately 5.71% to the closing price of HK$1.050 per Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) a premium of approximately 2.59% over the average of the closing prices of the Shares of HK$1.082 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day;

(iii) a premium of approximately 0.73% over the average of the closing prices of the Shares of HK$1.102 per Share as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day;

(iv) a discount of approximately 6.72% to the closing price of HK$1.19 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Wisdom Sun Consideration Shares represent approximately 99.33% of the existing issued share capital of the Company, and approximately 49.83% of the issued share capital of the Company as enlarged by the Wisdom Sun Consideration Shares. As the Wisdom Sun Consideration Shares will be issued to Haijing Holdings, the controlling Shareholder, completion of the issue of the Wisdom Sun Consideration Shares will not result in a change of control of the Company.

Acquisition Special Mandate from the Independent Shareholders will be sought at the First EGM for the issue of the Wisdom Sun Consideration Shares. An application will be made to the Stock Exchange for the listing of and permission to deal in the Wisdom Sun Consideration Shares which will rank pari passu in all respects with the existing Shares as at the date of allotment.

The Directors consider that the proposed issue price of the Wisdom Sun Consideration Shares is fair and reasonable.

Wisdom Sun Conditions Precedent

Completion of the Wisdom Sun Acquisition is conditional upon fulfillment of the following:

(1) the Independent Shareholders granting approval for the Wisdom Sun Acquisition Agreement and the transactions contemplated therein, including the issue of the Wisdom Sun Consideration Shares;

(2) the GEM Listing Committee of the Stock Exchange granting the listing of, and the permission to deal in, the Wisdom Sun Consideration Shares;

(3) no material adverse change in respect of the legal, financial, business or trading position of the Wisdom Sun Group from the date of the Wisdom Sun Acquisition Agreement up to Wisdom Sun Completion;

(4) completion of legal, business and financial due diligence on the Wisdom Sun Group to the satisfaction of Great Prospect;

(5) waiver or capitalization of a shareholder's loan of RMB5,636,910 which was borrowed by Wisdom Sun from Mrs. Chao, and that Wisdom Sun shall have no other borrowings;

(6) the obtaining of all such approvals and permissions necessary for the execution and performance of the Wisdom Sun Acquisition Agreement by Mrs. Chao, if any;

(7) completion of all the approval procedures in respect of the acquisition of 100% equity interest in Huizhou Haijing by Wise Star, and Huizhou Haijing is 100% legally and beneficially owned by Wise Star;

(8) completion of all the approval procedures in respect of the acquisition of 100% equity interest in Hefei Haijing by Wise Star, and Hefei Haijing is 100% legally and beneficially owned by Wise Star;

(9) completion of all the approval procedures in respect of the acquisition of 100% equity interest in Qingdao Haijing Mould Products by Wise Star, and Qingdao Haijing Mould Products is 100% legally and beneficially owned by Wise Star;

(10) completion of all the approval procedures in respect of the acquisition of 100% equity interest in Qingdao Xinhaijing by Wise Star, and Qingdao Xinhaijing is 100% legally and beneficially owned by Wise Star;

(11) completion of all the approval procedures in respect of the acquisition of 100% equity interest in Qingdao Haijing by Wise Star, and Qingdao Haijing is 100% legally and beneficially owned by Wise Star;

(12) completion of all the approval procedures in respect of the acquisition of 90% equity interest in Qingdao Haijing Paper by Honor Glory, and Qingdao Haijing Paper is 90% legally and beneficially owned by Honor Glory;

(13) legal opinion on the PRC companies comprised in the Wisdom Sun Group by the PRC lawyers of the Company or Great Prospect, and acceptable to the Company or Great Prospect;

(14) other documents as required by Great Prospect.

Great Prospect may by notice in writing waive the conditions in paragraphs (3) to (14) as set out above. In the event that the conditions are not fulfilled or waived within 6 months from the date of the Wisdom Sun Acquisition Agreement or any later date as may be agreed between the parties, the Wisdom Sun Acquisition Agreement shall be terminated.

Wisdom Sun Completion

Completion of the Wisdom Sun Acquisition Agreement shall occur on the 15th business day (or such other date as may be agreed between Great Prospect and Mrs. Chao) upon fulfillment or waiver (as the case may be) of all conditions set out under the paragraph headed "Wisdom Sun Conditions Precedent" above.

DRAGON VAULT ACQUISITION AGREEMENT

Date

13 November 2007

Parties

Vendor	:	Mr. Chao
Purchaser	:	Great Prospect

Subject of the Dragon Vault Acquisition

100% issued share capital in Dragon Vault which is beneficially and legally held by Mr. Chao.

Dragon Vault Consideration

The consideration for the Dragon Vault Acquisition is HK$7,000,000, which was determined on arm's length basis. Dragon Vault Consideration shall be payable on completion of the Dragon Vault Acquisition Agreement by Great Prospect to Mr. Chao in cash.

The Dragon Vault Consideration will be funded by the Group's internal resources and/or bank borrowings and/or other fund raising exercise.

The Dragon Vault Consideration was determined after arm's length negotiations between the parties after having taken into account, among other things, (i) the Profit Guarantee Undertaking Letter; (ii) the net asset value of Hefei Meiling Rongfeng; and (iii) client base and business prospects of Hefei Meiling Rongfeng. Taking the above factors into account, the Directors are of the view that the terms of the Dragon Vault Acquisition Agreement and the Dragon Vault Consideration are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Dragon Vault Conditions Precedent

Completion of the Dragon Vault Acquisition is conditional upon fulfillment of the following:

(1) the Independent Shareholders granting approval for the Dragon Vault Acquisition Agreement and the transactions contemplated therein;

(2) no material adverse change in respect of the legal, financial, business or trading position of the Dragon Vault Group from the date of the Dragon Vault Acquisition Agreement up to Dragon Vault Completion;

(3) completion of legal, business and financial due diligence on the Dragon Vault Group to the satisfaction of Great Prospect;

(4) waiver or capitalization of a shareholder's loan of US$515,805 which was borrowed by Dragon Vault from Mr. Chao, and that Dragon Vault shall have no other borrowings;

(5) the obtaining of all such approvals and permissions necessary for the execution and performance of the Dragon Vault Acquisition Agreement by Mr. Chao, if any;

(6) completion of all the approval procedures in respect of the acquisition of 65% equity interest in Hefei Meiling Rongfeng by Yearfull International, and Hefei Meiling Rongfeng is 65% legally and beneficially owned by Yearfull International;

(7) legal opinion on the PRC company comprised in the Dragon Vault Group by the PRC lawyers of the Company or Great Prospect, and acceptable to the Company or Great Prospect;

(8) other documents as required by Great Prospect.

Great Prospect may by notice in writing waive the conditions in paragraphs (2) to (8) as set out above. In the event that the conditions are not fulfilled or waived within 6 months from the date of the Dragon Vault Acquisition Agreement or any later date as may be agreed between the parties, the Dragon Vault Acquisition Agreement shall be terminated.

Dragon Vault Completion

Completion of the Dragon Vault Acquisition Agreement shall occur on the 15th business day (or such other date as may be agreed between Great Prospect and Mr. Chao) upon fulfillment or waiver (as the case may be) of all conditions set out under the paragraph headed "Dragon Vault Conditions Precedent" above.

THE PROFIT GUARANTEE UNDERTAKING LETTER

On 20 November 2007, Mr. Chao and Mrs. Chao gave a profit guarantee to Great Prospect pursuant to the Profit Guarantee Undertaking Letter, whereby Mr. and Mrs. Chao, jointly and severally, guaranteed and undertook to Great Prospect that the combined net profit after tax of each of the PRC companies comprised in the Wisdom Sun Group and Dragon Vault Group as shown in the audited accounts ("Audited Accounts") issued by a qualified Hong Kong accounting firm using the applicable Hong Kong accounting principles ("Combined Net Profit") for the year ending 31 December 2008 will not be less than RMB38,000,000. In calculating the Combined Net Profit, if any of the PRC companies comprised in the Wisdom Sum Group and the Dragon Vault Group is not indirectly wholly owned by Great Prospect, only the part of profit attributable (directly or indirectly) to Great Prospect shall be included.

In the event that the Combined Net Profit for the year ending 31 December 2008 is less than the Guaranteed Amount, Mr. Chao and Mrs. Chao would, jointly and severally, compensate Great Prospect with a sum in RMB, within 30 days after issuance of all of the Audited Accounts, calculated based on the following formula:

A x (B – C)/B

where:

A = 178,965,517, being the total consideration of HK$178,965,517 under the Wisdom Sun Acquisition Agreement and the Dragon Vault Acquisition Agreement

B = the Guaranteed Amount

C = actual Combined Net Profit of the financial year ended 31 December 2008

An announcement will be made by the Company as soon as it is informed that the Combined Net Profit is less than the Guaranteed Amount in which information under Rule 20.57 of the GEM Listing Rules will be disclosed, and such details will be included in the next published annual report of the Company. The independent non-executive Directors will provide an opinion in the next published annual report as to whether Mr. and Mrs. Chao have fulfilled their obligations under the Profit Guarantee Undertaking Letter.

NON-COMPETITION UNDERTAKINGS

On condition that the Wisdom Sun Acquisition Agreement or the Dragon Vault Acquisition Agreement has been completed, Mr. Chao and Mrs. Chao will provide the following non-competing undertakings to the Company:

(1) Mr. Chao and Mrs. Chao and their respective associates (as defined in Rule 1.01 of the GEM Listing Rules) will not own any business or interest that will compete with the manufacturing and selling of EPS or paper honeycomb packaging materials carried out by the Group (the "Packaging Materials Business") in the PRC, excluding Huizhou; and

(2) where opportunities arise which may compete with the Packaging Materials Business of the Company in the PRC, the Company shall have the first right of refusal to take up such opportunity. Unless the Board decides to give up such opportunity, Mr. Chao, Mrs. Chao and their respective associates (as defined in Rule 1.01 of the GEM Listing Rules) shall not engage in the relevant business and investment.

The above non-competition undertaking shall continue to be in full force until: (i) Mr. Chao or Mrs. Chao and their respective associates (as defined in Rule 1.01 of the GEM Listing Rules) cease to hold at least 30% of the issued Shares; or (ii) the Shares cease to be listed on the Stock Exchange, whichever is earlier.

The Wisdom Sun Group is principally engaging in the business of production and sale of EPS and paper honeycomb packaging materials. The design services in packaging products and moulds are ancillary business and are not considered as part of the principal business of the Wisdom Sun Group. As EPS packaging products are relatively bulky and hence transportation costs of EPS packaging products are very high, the EPS industry is a localized industry with each EPS factory serving its customers located nearby. Given the geographical limitations for the EPS packaging industry, the Directors consider that there is no competition for EPS business in different localities. As Mr. Chao has business in Huizhou, the PRC engaging in the production and sales of EPS products, the non-competition undertaking excludes Huizhou, the PRC. However, given that the Wisdom Sun Group has not been engaging in the production and sales of EPS products in Huizhou, the PRC, the Directors consider that Mr. Chao's business in Huizhou would not compete with the business of the Wisdom Sun Group in the production and sales of EPS products.

CHANGE IN SHAREHOLDING STRUCTURE

Set out below is the change in shareholding structure of the Company upon completion of the Wisdom Sun Acquisition and the issue of the Wisdom Sun Consideration Shares:

Shareholders	Shareholding as at the Latest Practicable Date		Shareholding upon completion of issue of Wisdom Sun Consideration Shares	
	Number of Shares	*%*	*Number of Shares*	*%*
Haijing Holdings Limited	51,909,350	42.72	172,599,005	71.27
Mr. Chao	9,030,000	7.43	9,030,000	3.73
Public:				
Other	60,560,650	49.85	60,560,650	25.00
Total	121,500,000	100.00	242,189,655	100.00

DISPOSAL AGREEMENT

Date

13 November 2007

Parties

Vendor : Innovis BVI

Purchaser : Mr. Lam. Mr. Lam was an independent non-executive director of the Company before his resignation in November, 2005. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, save as the aforesaid directorship, Mr. Lam is an Independent Third Party.

Subject of the Disposal

100% issued share capital in Innovis HK which is beneficially held by Innovis BVI.

Disposal Consideration

The consideration for the Disposal is HK$50,000 which shall be payable on completion of the Disposal Agreement by Mr. Lam to the Company in cash. The Disposal Consideration was determined after arm's length negotiations between the parties after having taken into account the financial status of Innovis HK and the dim business prospects of IBS business. Taking the above factors into account, the Directors are of the view that the terms of the Disposal Agreement and the Disposal Consideration are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The net proceeds from the Disposal (after deducting therefrom the expenses and stamp duty payable) are expected to be approximately HK$50,000 and will be applied as general working capital of the Group.

Disposal Conditions Precedent

Completion of the Disposal is conditional upon fulfillment of the following:

(1) the Shareholders granting approval for the Disposal Agreement and the transactions contemplated therein in accordance with the GEM Listing Rules;

(2) completion of legal, business and financial due diligence on Innovis HK to the satisfaction of Mr. Lam;

(3) repayment of HK$2,781,459 by Innovis HK to the Company. After the repayment, the Company shall waive the repayment of the remaining sum of a shareholder's loan amounting to HK$7,577,689 by Innovis HK;

(4) the obtaining of all such approvals and permissions necessary for the execution and performance of the Disposal Agreement by Innovis BVI, if any.

Mr. Lam may by notice in writing waive the conditions in paragraphs (2) and (4) as set out above. In the event that the conditions are not fulfilled or waived within 6 months from the date of the Disposal Agreement or any later date as may be agreed between the parties, the Disposal Agreement shall be terminated.

Disposal Completion

Completion of the Disposal Agreement shall occur on the 7th day (or such other date as may be agreed between Innovis BVI and Mr. Lam) upon fulfillment or waiver (as the case may be) of all conditions set out under the paragraph headed "Disposal Conditions Precedent" above.

INFORMATION OF THE WISDOM SUN GROUP AND DRAGON VAULT GROUP

Wisdom Sun is a company incorporated in the BVI with limited liability on 1 August 2007. It is wholly owned by Mrs. Chao as an entity with no operations other than investment holding. Wisdom Sun has two direct subsidiaries, i.e. Wise Star and Honor Glory. Wise Star and Honor Glory are companies with no operations other than investment holding.

Huizhou Haijing, Qingdao Haijing Mould Products, Qingdao Xinhaijing, Qingdao Haijing, Qingdao Haijing Paper, Hefei Haijing and Dalian Haijing are the PRC companies comprised in the Wisdom Sun Group, and were directly or indirectly wholly owned by Grand Great International Limited, a company wholly owned by Mrs. Chao. The total acquisition and/or investment costs incurred by Grand Great International Limited for acquiring or incorporating the aforesaid PRC companies within the Wisdom Sun Group amounted to approximately RMB56,481,000. On 30 October 2007, Wise Star entered into a series of share transfer agreements with Grand Great International Limited to acquire 100% interests in Huizhou Haijing, Qingdao Haijing Mould Products, Qingdao Xinhaijing, Qingdao Haijing and Hefei Haijing from Grand Great International Limited and Honor Glory entered into a share transfer agreement with Grand Great International Limited to acquire 90% interests in Qingdao Haijing Paper from Grand Great International Limited. According to the share transfer agreements, the aggregate consideration paid by Wise Star and Honor Glory to Grand Great International Limited was RMB5,636,910, which was determined with reference to the aggregate capital contributed by Grand Great International Limited at a discount. The aforesaid share transfers shall be approved by the relevant authorities in the PRC. Completion of the relevant approval procedures for the aforesaid share transfers are conditions precedent to completion of the Wisdom Sun Acquisition. As at the Latest Practicable Date, the approval procedures in relation to the aforesaid share transfers in Huizhou Haijing, Qingdao Haijing Mould Products, Qingdao Haijing and Hefei Haijing have been completed.

Wisdom Sun Group is mainly engaged in the business of production and sale of EPS and paper honeycomb packaging materials. Qingdao Xinhaijing, Qingdao Haijing and Hefei Haijing are mainly engaged in production and sale of EPS packaging materials. Qingdao Haijing Paper is mainly engaged in production and sale of paper honeycomb packaging materials. As EPS packaging products are relatively bulky and transportation costs of EPS packaging products would be very high, the EPS industry is a localized industry with each EPS factory serving its customers located nearby. In order to expand business, Dalian Haijing was set up in August 2007 to provide EPS packaging production and sales services in a new locality. Its operation is expected to commence in December 2007. Qingdao Haijing Mould Products and Huizhou Haijing provide back-up services for the EPS business. Qingdao Haijing Mould Products is mainly engaged in design and production of moulds for EPS packaging products, while Huizhou Haijing is mainly engaged in packaging product design.

Dragon Vault is a company incorporated in the BVI with limited liability on 12 May 2006. Mr. Chao acquired Dragon Vault as a shell company from an Independent Third Party at a consideration of US$100 on 16 October 2007. It is wholly owned by Mr. Chao as an entity with no operations other than investment holding. Dragon Vault has one direct subsidiary, i.e. Yearfull International. Yearfull International has no operations other than investment holding.

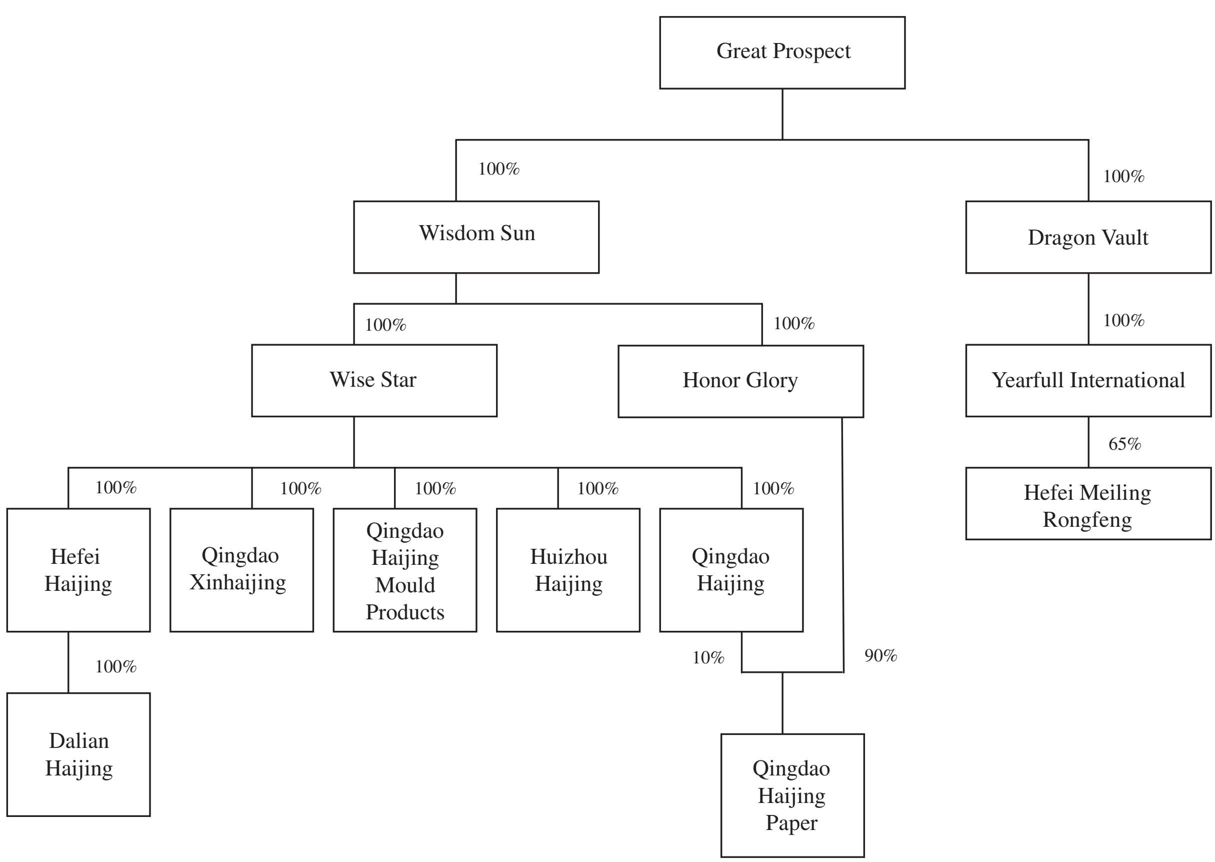
Hefei Meiling Rongfeng is a sino-foreign equity joint venture company, of which 65% equity interests were owned by Glory Full International Limited, a company wholly owned by Mr. Chao. Mr. Chao has invested US$515,805, being the registered capital already contributed by Glory Full International Limited, in Hefei Meiling Rongfeng. On 30 October 2007, Yearfull International entered into a share transfer agreement with Glory Full International Limited to acquire 65% interests in Hefei Meiling Rongfeng from Glory Full International Limited for a consideration of US$515,805, which was based on the registered capital already contributed by Glory Full International Limited.

The aforesaid share transfer shall be approved by the relevant authorities in the PRC. Completion of the relevant approval procedures for the aforesaid share transfer is one of the conditions precedent to completion of the Dragon Vault Acquisition. As at the Latest Practicable Date, the approval procedures in relation to the aforesaid share transfer in Hefei Meiling Rongfeng have been completed.

Hefei Meiling Rongfeng was established as a joint venture enterprise between Glory Full International Limited and Hefei Meiling Group Holding Limited (合肥美菱集團控股有限公司). Its registered capital is RMB30,000,000, and as at the Latest Practicable Date, approximately RMB5,145,753 have been paid up. As at the Latest Practicable Date, Hefei Meiling Group Holding Limited and Glory Full International Limited had contributed RMB1,200,000 and RMB3,945,753 respectively into Hefei Meiling Rongfeng, and Hefei Meiling Group Holding Limited and Yearfull International (having acquired the 65% interest in Hefei Meiling Rongfeng from Glory Full International Limited) are required to contribute the remaining capital in the amount of RMB9,300,000 and RMB15,554,247, respectively. Based on the agreed capital injection ratio between the shareholders of Hefei Meiling Rongfeng, the profit sharing ratio between Hefei Meiling Group Holding Limited and Yearfull International was 35% and 65% respectively. Hefei Meiling Group Holding Limited and its group of companies are engaged in electrical appliance production and sales. It is expected that Hefei Meiling Rongfeng will provide EPS packaging products to Hefei Meiling Group Holding Limited and its group of companies in the locality. Its operation is expected to commence at the end of 2007.

The financial information of the Dragon Vault Group and Wisdom Sun Group is set out in Appendices II and III to this circular.

All of the companies comprised in Wisdom Sun Group and Dragon Vault Group will become subsidiaries of Great Prospect upon Wisdom Sun Completion and Dragon Vault Completion, and shareholding structure of Great Prospect upon Wisdom Sun Completion and Dragon Vault Completion is set out below:



INFORMATION ON INNOVIS HK

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

Set out below is the financial information of Innovis HK based on audited accounts of Innovis HK prepared in accordance with accounting principles generally accepted in Hong Kong for the two years ended 31 December 2006.

	For the year ended 31 December	
HK ('000)	**2005**	**2006**
Turnover	19,428	4,511
Profit/(loss) before taxation	(7,535)	(7,008)
Profit/(loss) after taxation	(7,535)	(7,190)

The balance sheet information as per the unaudited management accounts of Innovis HK prepared in accordance with accounting principles generally accepted in Hong Kong as at 30 September 2007 is set out as follow:

	(HK$'000)
Non current assets	
Property, plant and equipment	164
Available-for-sale financial assets	863
	1,027
Current assets	
Amounts due from related companies	465
Tax recoverable	6
Prepayments, deposits and other receivables	1,971
Trade receivables	161
Cash and cash equivalents	1,454
	4,057
Current liabilities	
Trade payables	1,085
Accruals and other payables	514
Amounts due to a related company	442
Amounts due to a director	154
Amounts due to intermediate holding company	10,466
	12,661
Net current assets/(liabilities)	(8,604)
Net assets/(liabilities)	(7,577)
Capital and reserves	
Share capital	327
Reserves	(7,904)
Total equity/(capital deficiency)	(7,577)

Since 30 September 2007, Innovis HK has paid back a portion of the shareholder's loans to the Company. Therefore, as at 13 November 2007, Innovis HK owed the Company shareholder's loans totaling HK$10.359 million. Taking into account the said shareholder's loans, Innovis HK maintained cash holdings of approximately HK$1.5 million and other current assets such as prepayments, deposits and other receivables. Since Innovis HK is a wholly-owned subsidiary of the Company, all loss incurred by Innovis HK will be absorbed by the Company, i.e. the Company shall waive the repayment of HK$7.577 million of the shareholder's loans to Innovis HK (the amount equivalent to Innovis HK's capital deficiency as at 30 September 2007). However, the remaining amount of HK$2.781 million (i.e. total shareholder's loans of HK$10.359 million minus capital deficiency of HK$7.577 million) will be recovered from Innovis HK.

The Directors believes that a sale of the loss-making Innovis HK as currently contemplated pursuant to the Disposal Agreement is the preferred solution since (1) the Company is able to recover the outstanding shareholder's loans of HK$2.781 million and receive consideration of HK$50,000; (2) a possible alternative such as liquidation of Innovis HK may not provide the Company as much certainty in funds recovered due to the relatively low recoverability of Innovis HK's assets (other than the "cash and cash equivalents" of HK$1.454 million and "available-for-sale financial assets" of HK$0.863 million as shown in the balance sheet as at 30 September 2007 above); (3) if Innovis HK were to undergo liquidation, the process will incur additional costs and further deplete funds recoverable by the Company; and (4) the Disposal Agreement can be executed within a relatively shorter time frame. Thus, the Directors believe a sale of Innovis HK via the Disposal Agreement is in the interests in the Company and its Shareholders as a whole.

REASONS FOR AND ADVANTAGES OF THE ACQUISITIONS AND THE DISPOSAL

The Group is, through Innovis HK, 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 war 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 the IBS industry. The Group commenced the trading of EPS and other packaging materials in the PRC since 2007. The production of paper and honeycomb packaging materials is expected to commence its operation in December 2007.

For the nine months ended 30 September 2007, the Group's turnover for the IBS solutions and maintenance was approximately HK$1.2 million, while the Group's turnover for the sales of EPS and other packaging materials was approximately HK$6.4 million.

The Directors consider that the result of the Group's EPS packaging business since 2007 is very encouraging, and the Acquisitions present excellent opportunities for the Group to further develop in this line of business.

Driven by China's strong economic growth and improving living standards, the demand for electrical products has been increasing. The cushion packaging materials are an inseparable part of packaging services required in the transportation of electrical products. Among the cushion packaging materials, EPS packaging materials are by far the most widely used and have a high market share in the cushion packaging materials market. Hence, the Directors are optimistic on the business prospects and future growth of the EPS packaging industry.

The Directors are optimistic on the business prospects of Wisdom Sun Group. Based on the financial information available to the Directors, the net profit margin of Wisdom Sun Group increased from 9.06% in 2005 to 13.13% in 2006, and the profit attributable to shareholders for the year ended 31 December 2005 amounted to approximately RMB14,775,000, which represents a growth rate of approximately 447% over the year ended 31 December 2004, and the profit attributable to shareholders for the year ended 31 December 2006 amounted to approximately RMB21,797,000, which represents a growth of approximately 48% over the year ended 31 December 2005. The Directors consider that the profitability and the profit growth in Wisdom Sun Group in the past two years projected a good business prospects of the Wisdom Sun Group.

The Wisdom Sun Group provides a good mix of cushion packaging solutions. It comprises of companies with sound track record of manufacturing and sales of EPS and paper honeycomb packaging materials, as well as companies providing design and mould production services. With Wisdom Sun Group's established clientele comprising of certain famous electrical appliance manufacturers in the PRC and the high industry entry barrier for the integrated EPS packaging industry due to inter-dependence of electrical product manufacturers and packaging solution, the Directors believe that the business prospects of Wisdom Sun Group are promising.

The packaging industry is undergoing rapid consolidation and the Acquisitions present an excellent opportunity for the Group to expand its packaging business via inorganic growth. As the EPS packaging industry is a highly localized industry, the Wisdom Sun Group has expanded its business by establishing a new company in August 2007 in Dalian to serve its customers in nearby locality.

The Directors also consider that the newly incorporated Dalian Haijing may contribute steady flow of income leverage on the good relationship with one of the well-known electrical appliance manufacturers in the PRC whose production facilities are located in the same area with Dalian Haijing.

The acquisition of Dragon Vault Group is an opportunity for the Group to expand its EPS packaging business with a well-known electrical appliance manufacturer in the PRC, namely, Hefei Meiling Group Holding Limited, being the joint venture partner of Hefei Meiling Rongfeng.

In view of the sharing of operating loss of Innovis HK that has brought an adverse impact on the Group's overall results and the promising future of the cushion packaging industry, the Directors expect that after the Disposal, the Company would be able to concentrate its resources on developing the Group's core business in the manufacturing of EPS, paper honeycomb, paper and other packaging materials to improve the results of the Group in the future.

Risks concerning title defects in respect of the production facilities of the Resulting Group in the PRC

As at the Latest Practicable Date, there were 6 properties (the "Properties") leased by the PRC companies within the Wisdom Sun Group that the Group was unable to ascertain if the landlords have titles to, or the rights or authorizations to lease to such PRC companies, the respective Properties (the "Title Defects"). Details of the Properties and the Title Defects are set out in the property valuation report contained in Appendix VI to this circular. Each of the relevant landlords has provided to the affected PRC companies (in their capacity as the tenant) a guarantee confirming that the landlord has the right to let the Property, and the landlord will indemnify the tenant any claim from third party for any loss due to cessation of the landlord's rights to let the Property.

The Directors considered that, although there are defects in the title of the Properties which the Directors were made aware of during the negotiations of the Wisdom Sun Acquisition Agreement, the terms of the Wisdom Sun Acquisition are fair and reasonable for the following reasons:

1. the Properties are leased properties only and the Directors consider that, in the event of relocation because of the Title Defects, it will not cause material disruption to the operation of the Wisdom Sun Group as similar factory premises are readily available in the nearby area, and the Directors estimate that the time required for the relocation will be less than 14 days and the relevant expenses will be less than RMB1.1 million as all the equipment and machineries situated in the Properties for production are not bulk in size and do not require special arrangement for the purpose of relocation. As each Property contains several production lines, in the event of removal, it is feasible to arrange for partial operation within 7 days and the effect of disruption on operation can be minimized;

2. the Directors made specific enquiries with Mrs. Chao and were advised that up to the Latest Practicable Date, Mrs. Chao and the Wisdom Sun Group were not aware of any notice, claims or disputes (actual or threatened) from any third party or any governmental body in relation to the ownership or leasing of the Properties;

3. the relevant PRC companies within the Wisdom Sun Group have obtained a guarantee from the relevant landlord(s) confirming that the landlord(s) has/have the right to let the relevant Property, and the landlord(s) will indemnify the tenant any claim from third party for any loss due to cessation of the landlord's rights to let the relevant Property. Hence, even if the relevant member of the Wisdom Sun Group is forced to be removed from the Properties, the Wisdom Sun Group will only be liable to pay for the removal costs;

4. Wisdom Sun Group and Dragon Vault Group have obtained proper title documents for the self-owned properties.

PROPOSED GRANT OF ACQUISITION SPECIAL MANDATE

In contemplation of the Wisdom Sun Acquisition and the contemplated transactions, the Company proposes to seek the approval of the Independent Shareholders of the grant of Acquisition Special Mandate to cover the allotment and issue of the Wisdom Sun Consideration Shares.

FINANCIAL EFFECT OF THE ACQUISITIONS AND THE DISPOSAL

Upon completion of the Acquisitions, all companies comprised in the Wisdom Sun Group and the Dragon Vault Group will become subsidiaries of the Company and their financial results will be consolidated with those of the Group.

Upon completion of the Disposal Agreement, the Company will cease to hold any interest in Innovis HK, which will cease to be a subsidiary of the Company, and its financial result will no longer be consolidated into the accounts of the Group.

Based on the carrying value of investment in Innovis HK which is equal to zero amount, the Directors estimate that a gain of approximately HK$50,000 (subject to audit and after deducting associated costs and other expenses) will arise on the Disposal.

Based on the unaudited pro forma financial information of the Resulting Group as set out in Appendix IV, assuming the Acquisitions and the Disposal had taken place on 1 January 2006, the Resulting Group would have recognized a turnover amounted HK$180.9 million and a net profit after tax of HK$21.8 million for the year ended 31 December 2006.

The Group had unaudited total assets, total liabilities and net assets of approximately HK$24.2 million, HK$4.9 million and HK$19.2 million, respectively as at 30 June 2007. Based on the unaudited pro forma consolidated balance sheet of the Resulting Group, the total assets, total liabilities and net assets of the Resulting Group would have been approximately HK$262.5 million, HK$111.3 million and HK$151.2 million, respectively assuming that the Acquisitions and the Disposal had taken place on 30 June 2007. Goodwill arising from the Acquisitions amounted to HK$76.8 million and will be capitalized as non-current assets of the Resulting Group. Please refer to Appendix IV of this circular for the unaudited pro forma financial information of the Resulting Group for details.

PROPOSED GRANT OF FIRST REFRESHED GENERAL MANDATE

At the annual general meeting of the Company held on 10 May 2007, the Shareholders approved, among other things, a resolution to grant the Existing General Mandate to allot and issue up to 20,250,000 Shares. As detailed in the announcements of the Company dated 31 July 2007 and 17 August 2007, the entire Existing General Mandate had been used for the issue of 20,250,000 Shares under a placing completed on 17 August 2007. The Directors propose to refresh the Existing General Mandate to allot and issue new Shares not exceeding 20% of the total issued share capital of the Company at the date of the First EGM.

The existing total issued share capital of the Company as at the Latest Practicable Date was 121,500,000 Shares. Assuming the total issued share capital of the Company remains unchanged up to the date of the First EGM, it is expected that the refreshment of the Existing General Mandate will result in the Directors being authorized to allot and issue up to 24,300,000 new Shares.

PROPOSED GRANT OF SECOND REFRESHED GENERAL MANDATE

Assuming the Wisdom Sun Acquisition has been approved by Independent Shareholders at the First EGM, the Directors expect that the Wisdom Sun Acquisition shall be able to be completed soon after the date of the First EGM, upon which time the total issued share capital of the Company will be enlarged by the issue of the Wisdom Sun Consideration Shares. The Directors propose to refresh the First Refreshed General Mandate to allot and issue new Shares not exceeding 20% of the total issued share capital of the Company at the date of the Second EGM. Assuming the Wisdom Sun Consideration Shares have been issued on or before the date of the Second EGM and no Shares are repurchased or issued under the First Refreshed General Mandate, the total issued share capital of the Company will be 242,189,655 Shares, and the Second Refreshed General Mandate will result in the Directors being authorized to allot and issue up to 48,437,931 new Shares. Assuming (i) the Wisdom Sun Consideration Shares have been issued on or before the date of the Second EGM, (ii) no Shares are repurchased, and (iii) the maximum amount of Shares have been issued under the First Refreshed General Mandate, the total issued share capital of the Company will be 266,489,655 Shares, and the Second Refreshed General Mandate will result in the Directors being authorized to allot and issue up to 53,297,931 new Shares.

If the Company shall issue any Shares under the Refreshed General Mandates, the Directors intend to use such net proceeds to settle part of the Dragon Vault Consideration and/or Wisdom Sun Consideration, and as general working capital.

As the Refreshed General Mandates will provide the Company with additional financial flexibility for the settlement of the Dragon Vault Consideration and/or Wisdom Sun Consideration, the Directors consider that the Refreshed General Mandates are in the interest of the Company and the Shareholders as a whole.

Ranking of new Shares pursuant to the Refreshed General Mandates

If, upon the grant of the proposed Refreshed General Mandates, the Directors proceed to issue and allot new Shares pursuant to the Refreshed General Mandates, such new Shares, when fully paid, will rank pari passu in all respects with the Shares in issue.

POSSIBLE APPLICATION FOR LISTING

Should the Board, upon obtaining the proposed Refreshed General Mandates, proceed to exercise the proposed Refreshed General Mandates to issue new Shares, the Company will apply to the GEM Listing Committee of the Stock Exchange for the listing of and permission to deal in all of the new Shares to be issued pursuant to the Refreshed General Mandates.

FUND RAISING DURING THE PAST 12 MONTHS

Set out below is a table showing the fund raising exercise of the Company in the past 12 months:

Description	Announcement date	Completion date	Net amount raised	Intended use of proceeds as announced	Actual use of proceeds
Rights issue of 33,750,000 of rights shares on the basis of one rights share for every two consolidated shares at a subscription price of HK$0.3 per rights share	8 March 2007	7 May 2007	Approximately HK$9.7 million	HK$8.0 million used to fund the construction of production plant and the purchase of machinery and equipment and HK$1.7 million for used as general working capital	The proceeds have been used as proposed
Placing of new shares	31 July 2007	17 August 2007	Approximately HK$18.3 million	General working capital	Not yet utilized

IMPLICATION UNDER THE GEM LISTING RULES

The Acquisitions

As the applicable percentage ratios under the GEM Listing Rules of the Acquisitions are more than 100%, the Acquisitions constitute very substantial acquisitions for the Company. In addition, Mrs. Chao is the spouse of Mr. Chao. Mr. Chao is a Director and the controlling Shareholder, holding (directly or indirectly) approximately 50.15% issued Shares. Hence, both Mr. and Mrs. Chao are connected persons of the Company. The Acquisitions constitute connected transactions for the Company under the GEM Listing Rules and will be subject to the approval of the Independent Shareholders, by way of poll. Mr. Chao and his associates, including Haijing Holdings, which in aggregate have control or are entitled to control 60,939,350 Shares as at the Latest Practicable Date, are required to abstain from voting on the resolutions at the First EGM in respect of the Wisdom Sun Acquisition, Dragon Vault Acquisition and the transactions contemplated thereunder.

The Disposal

As the applicable percentage ratios under Rule 19.06 of the GEM Listing Rules in respect of the Disposal exceed 75%, the Disposal constitutes a very substantial disposal of the Company under Chapter 19 of the GEM Listing Rules and is therefore conditional on the approval of the Shareholders at the First EGM. Since Mr. Lam and his associates are not Shareholders and no Shareholder has any special interest in the Disposal, no Shareholder would be required to abstain from voting at the First EGM convened to approve the Disposal.

Refreshed General Mandates

Since the First Refreshed General Mandate and the Second Refreshed General Mandate to allot and issue Shares are proposed to the Shareholders prior to the next annual general meeting of the Company, pursuant to Rule 17.42A of the GEM Listing Rules, the First Refreshed General Mandate and the Second Refreshed General Mandate will be subject to the approval of the Shareholders by way of a poll at the First EGM and Second EGM, respectively, and any controlling Shareholders and their associates shall abstain from voting in favour of the relevant resolutions in respect of the First Refreshed General Mandate and the Second Refreshed General Mandate. Haijing Holdings, being the controlling Shareholder, and Mr. Chao, being the ultimate sole beneficial owner of Haijing Holdings, and their respective associates, which in aggregate had control or were entitled to control 60,939,350 Shares as at the Latest Practicable Date, will abstain from voting in favour of such resolutions.

FIRST EGM

Set out from pages 212 to 215 of this circular is a notice convening the First EGM to be held at Room 2412, 24th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong on 2 January 2008 at 11:00 a.m. at which ordinary resolutions will be proposed to the Shareholders to consider and, if thought fit, to approve (i) the Wisdom Sun Acquisition; (ii) the Dragon Vault Acquisition; (iii) the Disposal; and (iv) the First Refreshed General Mandate. The vote in respect of the above resolutions of the Independent Shareholders at the First EGM will be taken by poll pursuant to the GEM Listing Rules. A form of proxy for use at the First EGM is enclosed with this circular. Whether or not you are able to attend the First EGM, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible, but in any event not less than 48 hours before the time appointed for the holding of the First EGM or any adjournment thereof. Completion and return of the form of proxy will not prevent you from attending and voting in person at the First EGM or any adjourned meeting thereof if you so wish.

SECOND EGM

Set out from pages 216 to 218 of this circular is a notice convening the Second EGM to be held at Room 2412, 24th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong on 14 January 2008 at 11:00 a.m. at which an ordinary resolution will be proposed to the Shareholders to consider and, if thought fit, to approve the Second Refreshed General Mandate. The vote in respect of the above resolution of the Independent Shareholders at the Second EGM will be taken by poll pursuant to the GEM Listing Rules. A form of proxy for use at the Second EGM is enclosed with this circular. Whether or not you are able to attend the Second EGM, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible, but in any event not less than 48 hours before the time appointed for the holding of the Second EGM or any adjournment thereof. Completion and return of the form of proxy will not prevent you from attending and voting in person at the Second EGM or any adjourned meeting thereof if you so wish.

PROCEDURES TO DEMAND POLL

Pursuant to Article 66 of the articles of association of the Company, a resolution put to the vote at a general meeting shall be decided on a show of hands 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:

(a) by the chairman of such meeting; or

(b) by at least three Shareholders present in person or, in the case of a Shareholder 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 Shareholders having the right to vote at the meeting; or

(c) by a Shareholder or Shareholders present in person or, in the case of a Shareholder 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 Shareholders having the right to vote at the meeting; or

(d) by a Shareholder or Shareholders present in person or, in the case of a Shareholder being a corporation, by its duly authorised representative or by proxy and holding Shares 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 Shares conferring that right.

A demand by a person as proxy for a Shareholder or in case of a Shareholder being a corporation by its duly authorised representative shall be deemed to be the same as a demand by a Shareholder.

RECOMMENDATION

The Directors consider that the terms and conditions of the Wisdom Sun Acquisition, the Dragon Vault Acquisition, the Disposal and the transactions contemplated thereunder, and the Refreshed General Mandates are fair and reasonable and in the best interest of the Shareholders as a whole. Accordingly, the Board recommends Shareholders to vote in favour of the ordinary resolutions included in the notices of the First EGM and Second EGM enclosed with this circular at the First EGM and Second EGM, respectively.

The Independent Board Committee has been established to advise the Independent Shareholders as to the fairness and reasonableness of the terms of the Wisdom Sun Acquisition Agreement, the Dragon Vault Acquisition Agreement and the transactions contemplated thereunder as well as the Refreshed General Mandates, and whether the Wisdom Sun Acquisition Agreement, the Dragon Vault Acquisition Agreement and the Refreshed General Mandates are in the interests of the Company and the Shareholders as a whole.

The Independent Board Committee, having taken into account the advice of Kingsway, considers that the Wisdom Sun Acquisition and the Dragon Vault Acquisition are in the ordinary and usual course of business of the Group and the terms of the Wisdom Sun Acquisition Agreement and the Dragon Vault Acquisition Agreement have been negotiated on an arm's length basis and on normal commercial terms which are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Shareholders as a whole and recommend the Independent Shareholders to vote in favour of the resolutions to approve the Wisdom Sun Acquisition Agreement and the Dragon Vault Acquisition Agreement and the transactions contemplated thereunder at the First EGM.

The Independent Board Committee, having taken into account the advice of Kingsway, considers that the terms of the First Refreshed General Mandate and the Second Refreshed General Mandate to be fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Shareholders as a whole and recommend the Independent Shareholders to vote in favour of the resolutions to approve the First Refreshed General Mandate and the Second Refreshed General Mandate at the First EGM and the Second EGM (as the case may be).

ADDITIONAL INFORMATION

The letter from the Independent Board Committee containing its advice and recommendation is set out on pages 30 to 31 of this circular. The letter from Kingsway containing its advice and recommendation is set out on pages 32 to 58 of this circular.

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
For and on behalf of the Board
Sino Haijing Holdings Limited
Mr. Chao Pang Fai
Chairman

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)

17 December 2007

To the Independent Shareholders

Dear Sir or Madam,

(1) VERY SUBSTANTIAL ACQUISITIONS AND CONNECTED TRANSACTIONS INVOLVING THE ISSUE OF CONSIDERATION SHARES (2) VERY SUBSTANTIAL DISPOSAL AND (3) REFRESHMENT OF GENERAL MANDATES

We refer to the circular issued by the Company to its Shareholders and dated 17 December 2007 ("Circular") of which this letter forms part. Terms defined in Circular shall have the same meanings when used in this letter, unless the context otherwise requires.

Under Chapter 20 of the GEM Listing Rules, the transactions contemplated under the Wisdom Sun Acquisition Agreement and the Dragon Vault Acquisition Agreement constitute connected transactions for the Company and are thus subject to the approval of the Independent Shareholders at the First EGM.

We have been appointed by the Board to consider the terms of the Wisdom Sun Acquisition Agreement and the Dragon Vault Acquisition Agreement and the transactions contemplated thereunder and whether the Acquisitions are in the interests of the Company and the Shareholder as a whole, and to advise the Independent Shareholders as to whether, in our opinion, the terms of the Wisdom Sun Acquisition Agreement and the Dragon Vault Acquisition Agreement and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned and in the best interests of the Company and its Shareholders as a whole. Kingsway has been appointed as the independent financial adviser to advise us and the Independent Shareholders in this respect.

We wish to draw your attention to the letter from the Board and the letter from Kingsway as set out in the Circular. Having considered the principal factors and reasons considered by, and the advice of Kingsway as set out in its letter of advice, we consider that the Wisdom Sun Acquisition Agreement and the Dragon Vault Acquisition Agreement and the transactions contemplated thereunder are on normal commercial terms, and that the Acquisitions are in the best interests of the Company and the Shareholders as a whole. We also consider that the terms of the Wisdom Sun Acquisition Agreement and the Dragon Vault Acquisition Agreement and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned and in the best interests of the Company and its Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to approve the Wisdom Sun Acquisition Agreement and the Dragon Vault Acquisition Agreement and the transactions contemplated thereunder at the First EGM.

We have also been appointed by the Board to advise the Independent Shareholders as to whether (i) the terms of the proposed First Refreshed General Mandate to authorize the Directors to issue and allot up to 20% of the total issued share capital of the Company as at the date of the First EGM, and (ii) the terms of the proposed Second Refreshed General Mandate to authorize the Directors to issue and allot up to 20% of the total issued share capital of the Company as at the date of the Second EGM, are fair and reasonable so far as the Independent Shareholders are concerned. Kingsway has been appointed as the independent financial adviser to advise us and the Independent Shareholders in this respect.

Having taking into account the principal reasons and factors considered by, and the advice of Kingsway as set out in its letter of advice contained in the Circular, we are of the opinion that the First Refreshed General Mandate and the Second Refreshed General Mandate are in the interests of the Company and the Shareholders as a whole and the terms of which are fair and reasonable so far as the Company and the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant ordinary resolutions to be proposed at the First EGM and the Second EGM to approve the First Refreshed General Mandate and the Second Refreshed General Mandate, respectively.

Yours faithfully,
For and on behalf of
Independent Board Committee
Chen Weirong **Cheng Yun Ming, Matthew** **Sin Ka Man**
Independent non-executive Directors

KingswayGroup
Kingsway Capital Limited

5/F Hutchison House
10 Harcourt Road
Central Hong Kong

17 December 2007

To the Independent Board Committee and the Independent Shareholders of Sino Haijing Holdings Limited

Dear Sirs and Madams,

(1) VERY SUBSTANTIAL ACQUISITIONS AND CONNECTED TRANSACTIONS INVOLVING THE ISSUE OF CONSIDERATION SHARES (2) VERY SUBSTANTIAL DISPOSAL AND (3) REFRESHMENT OF GENERAL MANDATES

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Wisdom Sun Acquisition Agreement and the Dragon Vault Acquisition Agreement and the Refreshed General Mandates, details of which are set out in the "Letter from the Board" (the "Letter from the Board") contained in the circular (the "Circular") of the Company dated 17 December 2007, of which this letter forms part. Capitalised terms used herein shall have the same meanings as defined in the Circular unless the context otherwise requires.

On 13 November 2007, Great Prospect entered into the Wisdom Sun Acquisition Agreement with Mrs. Chao, pursuant to which Great Prospect will conditionally acquire from Mrs. Chao 100% interest in Wisdom Sun at a total consideration of HK$171,965,517.

The Wisdom Sun Consideration will be satisfied as to (i) HK$38,000,000 in cash, and (ii) HK$133,965,517 by the allotment and issue of an aggregate of 120,689,655 Wisdom Sun Consideration Shares at an issue price of HK$1.11 each by the Company to Haijing Holdings.

On 13 November 2007, Great Prospect entered into the Dragon Vault Acquisition Agreement with Mr. Chao, pursuant to which Great Prospect will conditionally acquire from Mr. Chao 100% interest in Dragon Vault at a total consideration of HK$7,000,000 to be satisfied by cash.

Mrs. Chao is the spouse of Mr. Chao. Mr. Chao is a Director and the controlling Shareholder, holding (directly and indirectly) approximately 50.15% issued Shares. Hence, both Mr. and Mrs.

Chao are connected persons of the Company. The Acquisitions constitute connected transactions for the Company under the GEM Listing Rules and will be subject to the approval of the Independent Shareholders, by way of poll. Mr. Chao and his associates including Haijing Holdings, which in aggregate had control or were entitled to control 60,939,350 Shares as at the Latest Practicable Date, are required to abstain from voting on the resolutions at the First EGM in respect of the Wisdom Sun Acquisition, Dragon Vault Acquisition and the transactions contemplated thereunder.

In contemplation of the Wisdom Sun Acquisition Agreement, the Company proposes to seek the approval of the Independent Shareholders of the grant of Acquisition Special Mandate to cover the allotment and issue of the Wisdom Sun Consideration Shares.

Furthermore, the Directors propose to (i) refresh the Existing General Mandate to allot and issue new Shares not exceeding 20% of the total issued share capital of the Company at the date of the First EGM; and (ii) refresh the First Refreshed General Mandate to allot and issue new Shares not exceeding 20% of the total issued capital of the Company at the date of the Second EGM.

Pursuant to Rule 17.42A of the GEM Listing Rules, the First Refreshed General Mandate and the Second Refreshed General Mandate will be subject to the approval of the Shareholders by way of a poll at the First EGM and Second EGM, respectively, and any controlling Shareholders and their associates shall abstain from voting in favour of the relevant resolutions in respect of the First Refreshed General Mandate and the Second Refreshed General Mandate. Haijing Holdings, being the controlling Shareholder, and Mr. Chao, being the ultimate sole beneficial owner of Haijing Holdings, and their respective associates, which in aggregate had control or were entitled to control 60,939,350 Shares as at the Latest Practicable Date, will abstain from voting in favour of such resolutions.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee has been established to advise (i) whether the terms of the Wisdom Sun Acquisition and the Dragon Vault Acquisition are fair and reasonable and whether the Wisdom Sun Acquisition and the Dragon Vault Acquisition are in the interests of the Company and the Shareholders as a whole and to recommend the Independent Shareholders whether they should vote for or against the Acquisitions and (ii) whether the terms of the First Refreshed General Mandate and the Second Refreshed General Mandate are fair and reasonable and whether they are in the interests of the Company and the Shareholders as a whole. The Independent Board Committee comprising Mr. Chen Weirong, Mr. Cheng Yun Ming, Matthew, and Mr. Sin Ka Man, all being independent non-executive Directors, has been formed to advise the Independent Shareholders in this respect.

We, Kingsway Capital Limited, have been appointed to advise the Independent Board Committee and the Independent Shareholders as to (i) whether or not the terms of the Wisdom Sun Acquisition and the Dragon Vault Acquisition are fair and reasonable and are in the interests of the Independent Shareholders and the Company and (ii) whether or not the terms of the First Refreshed General Mandate and the Second Refreshed General Mandate are fair and reasonable and are in the interests of the Independent Shareholders and the Company.

BASIS OF OUR OPINION

In formulating our opinion and recommendation, we have relied on the information and facts provided by the Company and have assumed that any representation made to us, in all material aspect, are true, accurate and complete. We have also relied on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Directors and management of the Company. We have assumed that all information, representations and opinions contained or referred to in the Circular and all information, representations and opinions which have been provided by the Directors and management of the Company for which they are solely responsible, are true and accurate at the time they were made and shall continue to be true, accurate and complete at the date of the dispatch of the Circular.

The Directors collectively and individually accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, (i) the information contained in this Circular is accurate and complete in all material respects and is not misleading; (ii) all opinions expressed in the Circular have been arrived at after due and careful consideration; and (iii) there are no other facts not contained in the Circular the omission of which would make any such statement contained in the Circular misleading. We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any fact or circumstance, which would render the information provided, and representations and opinions made to us untrue, inaccurate or misleading. Having made all reasonable enquiries, the Directors have further confirmed that, to the best of their knowledge, they believe there are no other facts or representations have the omission of which would make any statement in the Circular, including this letter, misleading. We have not, however, carried out any independent verification of the information provided by the Directors and management of the Company, Wisdom Sun, or Dragon Vault, nor have we conducted an independent investigation into the business and affairs of the Group.

I. THE ACQUISITIONS

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in relation to the Acquisitions, we have taken the following principal factors and reasons into consideration:

1. Background and reason for the Acquisitions

The Group is, through Innovis HK, principally engaged in the provision of IBS solutions, including IBS design, supply and installation services, IBS maintenance services and IBS consultancy services. According to the Directors, the Group is operating in the IBS industry where intense competition exists and industry players adopt price-cutting strategy in bidding IBS contracts.

The Group's turnover contributed by the IBS solutions and maintenance business has been declining since 2004. For the year ended 31 December 2006, the Group's turnover, which was entirely contributed by the IBS solutions and maintenance, was approximately HK$4.5 million, representing a decrease of 77% from 2005. Furthermore, the Group's net loss for the year ended 31 December 2006 increased from approximately HK$8.7 million to HK$9.2 million.

As mentioned in the annual report of the Group for the year ended 31 December 2006, 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. The Group commenced the business of trading of EPS and other packaging materials in the PRC since 2007, and the first factory of the Group engaging in the manufacturing of paper and honeycomb packaging materials is expected to commence its operation in December 2007.

For the nine months ended 30 September 2007, the Group's turnover for the IBS solutions and maintenance was approximately HK$1.2 million, while the Group's turnover for the sales of EPS and other packaging materials was approximately HK$6.4 million, accounting for approximately 84% of the Group's total turnover for the period. The Directors consider that the result of the Group's EPS packaging business started earlier this year is very encouraging, and the Acquisitions present excellent opportunities for the Group to further develop in this line of business.

On 13 November 2007, the Group entered into the Disposal Agreement pursuant to which 100% of the issued share capital in Innovis HK will be sold. As set out in the Letter from the Board, the decision to dispose of Innovis HK was arrived at taking into account of the financial status of Innovis HK and the dim business prospects of IBS business. After the Disposal, the IBS solutions business of the Group will be discontinued. The Group intends to focus on its core business in the manufacturing of EPS, paper honeycomb, paper and other packaging materials.

Driven by China's strong economic growth and improving living standards, the demand for electrical products has been increasing, according to the Directors. The cushion packaging materials are an inseparable part of packaging services required in the transportation of electrical products. In the opinion of the Directors, among the cushion packaging materials, EPS packaging materials is by far the most widely used and have a high market share in the cushion packaging materials market. Hence, the Directors are optimistic on the business prospects and future growth of the EPS packaging industry.

Based on (i) the fact that the Group's IBS business has been loss making; (ii) the satisfactory turnover of the Group derived from the trading of EPS in 2007; (iii) the positive outlook of the packaging industry, we concur with the Company's strategy to focus its resources to further develop the EPS business.

2. The Wisdom Sun Acquisition

a. Business prospect and financial performance of the Wisdom Sun Group

The Wisdom Sun Group is mainly engaged in the business of production and sale of EPS and paper honeycomb packaging materials. According to the Directors, the Wisdom Sun Group provides a good mix of cushion packaging solutions. It comprises of companies with sound track record of manufacturing and sales of EPS and paper honeycomb packaging materials, as well as companies providing design and mould production services. It has established a clientele comprising certain famous electrical appliance manufacturers in the PRC. As the EPS packaging industry is a highly localized industry, the Wisdom Sun Group has expanded its business by establishing a new company in August 2007 in Dalian to serve its customers in nearby locality.

Based on the financial information of Wisdom Sun Group in Appendix III of the Circular, the turnover of the Wisdom Sun Group has been growing steadily since 2004. The turnover for the year ended 31 December 2005 was approximately RMB180.0 million, representing an increase of 23.8% over the year ended 31 December 2004. The turnover for the year ended 31 December 2006 was approximately RMB185.2 million, representing an increase of 2.9% over the year ended 31 December 2005. According to the Directors, the increase in turnover was mainly due to the increasing demand of EPS and paper honeycomb packaging materials.

In addition, the gross profit margin of the Wisdom Sun Group has also been increasing, from 11.87% for the year ended 31 December 2004, to 18.15% for the year ended 31 December 2005. Although the revenue growth of the Wisdom Sun Group for the year ended 31 December 2006 was not significant, the gross profit margin has improved, from 18.15% to 20.29%. For the six months ended 30 June 2007, the gross profit margin improved further to 22.48%. As confirmed by the Directors, the improvement of the gross profit margin since 2004 was mainly due to (i) the increase in demand for higher margin products; (ii) the increase in processing fee; and (iii) improvement of technical skills which has reduced the production cost.

Furthermore, the net profit attributable to equity holders of Wisdom Sun has increased substantially since 2004. The net profit attributable to the equity holders of Wisdom Sun for the year ended 31 December 2005 amounted to approximately RMB14.8 million, which represents an increase of 447% from the year ended 31 December 2004. The net profit attributable to the equity holders of Wisdom Sun for the year ended 31 December 2006 amounted to approximately RMB21.8 million, representing an increase of 47.5% over the year ended 31 December 2005. Apart from the growth in net profit attributable to equity holders, the improvement in profitability of Wisdom Sun in terms of net profit margin, is also evident, from only 1.87% for the year ended 31 December 2004, to 9.06% for the year ended 31 December 2005, and to 13.13% for the year ended 31 December 2006. For the six months ended 30 June 2007, the net profit margin was 12.69%, which is similar to that for the year ended 31 December 2006. The Directors consider that the profitability and the profit growth in Wisdom Sun Group in the past three years projected a good business prospect of the Wisdom Sun Group.

Apart from the above factors, the Directors consider that the newly incorporated Dalian Haijing may contribute steady flow of income leveraging on the good relationship with one of the well-known electrical appliance manufacturers in the PRC whose production facilities are located in the vicinity of Dalian Haijin.

In view of the above, we are of the view that the Wisdom Sun Acquisition is in line with the Group's strategy to concentrate and develop its EPS business and concur with the Directors that such strategy would improve the results of the Group in the future. Therefore, we are of the view that the proposed acquisition of Wisdom Sun Group is in the interests of the Company and the Shareholders as a whole.

b. Consideration of the Wisdom Sun Acquisition

As set out in the Letter from the Board, Great Prospect will conditionally acquire from Mrs. Chao 100% interest in Wisdom Sun at a total consideration of HK$171,965,517, which is payable by Great Prospect to Mrs. Chao:

(i) as to HK$38,000,000 in cash ("Wisdom Sun Cash Payment"), in which HK$13,000,000 will be payable on completion of the Wisdom Sun Acquisition Agreement, and HK$25,000,000 will be payable within 12 months from the date of completion of the Wisdom Sun Acquisition Agreement; and

(ii) as to HK$133,965,517 by the Company issuing the 120,689,655 Wisdom Sun Consideration Shares to Haijing Holdings at an issue price of HK$1.11 per Wisdom Sun Consideration Share.

According to the Directors, the Wisdom Sun Consideration was determined after arm's length negotiations between the parties of the agreement with reference to (i) the Profit Guarantee Undertaking Letter; (ii) the track record, client base and business prospects of the Wisdom Sun Group; and (iii) the potential profitability of Dalian Haijing.

In order to provide better financial flexibility to the Group, Mrs. Chao undertook to Great Prospect that she would not demand immediate payment of the Wisdom Sun Cash Payment from Great Prospect on the relevant payment dates if such payment(s) would cause a shortage of cashflow for Great Prospect (or its direct or indirect subsidiaries) to fulfill its daily operation need. Nonetheless, the Directors are of the opinion that in the absence of unforeseen circumstances and after taking into account the current cash balance and resources of the Resulting Group, Great Prospect will have sufficient working capital to pay, and it is the intention of the Group to pay, to Mrs. Chao of the Wisdom Sun Cash Payment on time.

(i) Price-to-earnings (P/E) ratio analysis

The Wisdom Sun Group recorded a net profit of RMB24,317,000 for the year ended 31 December 2006. Based on the consideration of HK$171,965,517 of the Wisdom Sun Acquisition, the implied historical P/E ratio for the Wisdom Sun Acquisition is approximately 7.14 times.

In order to assess the fairness and reasonableness of the Wisdom Sun Consideration we have compared the implied P/E ratio in the Wisdom Sun Acquisition to the P/E ratios of those companies listed on the Stock Exchange which are engaged in similar business. To our best knowledge, there is no company listed on the Stock Exchange that is engaged in the EPS packaging business, but we have identified 8 comparable companies which are mainly engaged in the manufacture of paper-based packaging materials, summarised in the table below. We are of the view that these companies, producing packaging materials, are of similar nature of business with the Wisdom Sun Group and therefore are relevant for the analysis.

Stock Code	Company	Business	Historical P/E	Forward P/E
403	Starlite Holdings Limited	Prints and manufactures packaging materials, labels, paper products	6.74	N/A
474	Winbox International Holdings Limited	Designs, manufactures, and sells packaging products	8.23	N/A
450	Hung Hing Printing Group Limtied	Manufactures and prints paper and carton boxes	7.33	6.50
1196	Cheong Ming Investments Limited	Manufactures and sells paper cartons, packaging boxes	10.61	N/A
2320	Hop Fung Group Holdings Ltd	Manufactures and sells corrugated paper-ware products including corrugated paperboard and corrugated carton boxes	19.01	7.82
1201	Kith Holdings Limited	Manufactures and prints packaging products	14.9	N/A
3366	Overseas Chinese Town (Asia) Holdings Limited	Designs and manufactures paper-based packaging containers and materials, including corrugated paperboard and printed cartons	25.6	N/A
377	New Island Print Holdings Limited	Prints and manufactures high quality multi-color packaging products, carton boexes, books, brochures, and other paper products	28.71	N/A
		Maximum	28.71	7.82
		Minimum	6.74	6.50
		Average	15.14	7.16

Source: Bloomberg and company annual reports

As noted from the table above, the P/E ratios of the comparable companies ranged from 6.74 times to 28.71 times, with an average of approximately 15.14 times. The implied P/E ratio of the Wisdom Sun Acquisition is within the range of P/E ratios of the comparable companies and is below the average P/E ratios of the comparable companies.

In addition, we have compared the implied P/E ratio from the Wisdom Sun Consideration in relation to the P/E ratios of those companies listed on the stock exchanges outside of Hong Kong, which produce EPS products and/or similar products, and have summarised the results in the table below:

Stock Code	Stock Exchange	Company	Business	Historical P/E	Forward P/E
PFB	Canada	PFB Corporation	Operates plastic foam businesses throughout Canada, including manufacturing building products for the construction industry as well as custom molded products for the automotive and other industries	10.92	N/A
IRPC	Thailand	IRPC PCL	Produces a variety of petrochemical products including polypropylene, high density polyethylene and expandable polystyrene primarily used in packaging materials	17.01	N/A
SI	India	Supreme Industries Limited	Manufactures industrial and engineered moulded products and storage and material handling crates, including chemicals, multilayer sheets, multilayer films, packaging films and expanded polyethylene form, PVC pipes and fittings, molded furniture and disposable EPS containers	20.10	N/A
HIS	Austria	Hirsch Servo AG	Manufactures expandable polystyrene packaging material used primarily for the packaging of valuable and sensitive products such as electronics, telecommunications and electronic data processing equipment	25.92	N/A
002360	Korea	SH Chemical Co., Ltd.	Manufactures and markets polymer products such as expandable polystyrene resins	N/A	N/A
			Maximum	25.92	N/A
			Minimum	10.92	N/A
			Average	18.49	N/A

Source: Bloomberg

As noted from the table above, the P/E ratios of the overseas comparable companies ranged from 10.92 times to 25.92 times, with an average of approximately 18.49 times. The implied P/E ratio of the Wisdom Sun Acquisition is below the lower end of the range of P/E ratios of the overseas comparable companies and is much below the average P/E ratios of the overseas comparable companies.

Given that (i) the Directors confirmed that the Wisdom Sun Consideration was determined after arm's length negotiations between the parties of the Agreement and (ii) the implied P/E ratio analysis above, we concluded that the Wisdom Sun Consideration is fair and reasonable.

(iii) Issue price of the Wisdom Sun Consideration Shares

Approximately 77.9% of the Wisdom Sun Consideration is to be settled by the issue of the Wisdom Sun Consideration Shares. The Wisdom Sun Consideration Shares represent approximately 99.33% of the existing issued share capital of the Company, and approximately 49.83% of the issued share capital of the Company as enlarged by the Wisdom Sun Consideration Shares.

The issue price of the Wisdom Sun Consideration Shares is HK$1.11 per Share. As set out in the Letter from the Board, the issue price was determined between the parties, among other things, after arm's length negotiations with reference to the Company's recent share price performance at the time when the Wisdom Sun Acquisition Agreement was entered into between Mrs. Chao and Great Prospect. The issue price per Consideration Share represents:

- a premium of approximately 5.71% to the closing price of HK$1.050 per Share as quoted on the Stock Exchange on 13 November 2007, being the last trading day prior to the suspension in trading of Shares (the "Last Trading Day");

- a premium of approximately 2.59% over the average of the closing prices of the Shares of HK$1.082 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day;

- a premium of approximately 0.73% over the average of the closing prices of the Shares of HK$1.102 per Share as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day;

- a discount of approximately 6.72% to the closing price of HK$1.190 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

Historical closing price of the Company

The chart below illustrates the closing price of the Shares from 1 January 2007 to the Last Trading Day.

From 1 January 2007 to the Last Trading Day, the closing price of the Shares ranged from the lowest of HK$0.60 per share to the highest of HK$1.40 per share, with an average of HK$0.919 per Share. The issue price of HK$1.11 per share of the Wisdom Sun Consideration Shares represents a premium of 20.78% over the average closing price since 1 January 2007.

Placing price of the Shares to independent third parties in the prior twelve months

On 31 July 2007, the Company announced the placing of 20,250,000 new Shares at a price of HK$0.92 per Share ("Placing"), which was completed on 17 August 2007. The placing shares were issued to independent third parties at a discount of about 9.8% to the closing price of the last trading day, a discount of 19.72% and 19.16% to the average closing price of the last five full trading days and the last ten full trading days, respectively, to the date of the announcement of the Placing.

The issue price of HK$1.11 of the Wisdom Sun Consideration Shares is 20.7% higher than the placing price of HK$0.92 of the Placing.

Given that the issue price of the Wisdom Sun Consideration Shares represents a premium to (i) the closing price of the Shares on the Last Trading Day; (ii) the average closing price of the five consecutive trading days up to and including the Last Trading Day; (iii) the average closing price of the ten consecutive trading days up to and including the Last Trading Day; (iv) the average closing price since 1 January 2007; and (v) the placing price to independent third parties in a placing of the Company in the past twelve months, we are of the view that issue price of the Wisdom Sun Consideration Shares is fair and reasonable.

c. Dilution of shareholding interest in the Company

Upon Wisdom Sun Completion, the Wisdom Sun Consideration Shares will be issued and will immediately dilute the shareholding interests of the Shareholders in the Company.

The table below is extracted from the Letter from the Board in this Circular, illustrating the effect on shareholding of the Company immediately before and after Wisdom Sun Completion.

Shareholders	**Shareholding as at the Latest Practicable Date**		**Shareholding upon completion of issue of Wisdom Sun Consideration Shares**	
	Number of Shares	*%*	*Number of Shares*	*%*
Haijing Holdings *(Note 1)*	51,909,350	42.72	172,599,005	71.27
Mr. Chao	9,030,000	7.43	9,030,000	3.73
Public:				
Other	60,560,650	49.85	60,560,650	25.00
Total	121,500,000	100	242,189,655	100

Note:

1. Haijing Holdings is wholly and beneficially owned by Mr. Chao.

The shareholding interests of the Independent Shareholders will be diluted from 49.85% as at the Latest Practicable Date to 25.00% upon completion of the issue of Wisdom Sun Consideration Shares. We have discussed with the Directors who, having considered that (i) the Company has been loss making since the year 2005 up to the nine months ended 30 September 2007; and (ii) the Wisdom Sun Group is already profitable and therefore will contribute to the overall profit of the Group, believe that the earnings per share of the Company will be enhanced by the Wisdom Sun Acquisition. Therefore, we are of the view that the dilution effect of the issue of the Wisdom Sun Consideration Shares is acceptable.

The Independent Shareholders should also refer to the pro forma financial information as a result of the Wisdom Sun Acquisition, the Dragon Vault Acquisition and the Disposal as set out in Appendix IV to this circular.

(iv) Payment terms of the Wisdom Sun Consideration

Of the total consideration of HK$171,965,517 of the Wisdom Sun Acquisition, HK$38,000,000, i.e., approximately 22.1% is to be settled by cash, and HK$133,965,517, i.e., approximately 77.9% is to be settled by the Wisdom Sun Consideration Shares. We consider that the payment terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole because (i) the majority of the Wisdom Sun Consideration is to be settled by the issue of Wisdom Sun Shares which will be issued at a premium as discussed above; and (ii) a substantial portion of the Wisdom Sun Cash Payment is payable within 12 months from the date of completion of the Wisdom Sun Acquisition, which gives the Group flexibility in arranging financial resources.

3. The Dragon Vault Acquisition

a. Business prospect of the Dragon Vault Group

The operating entity in the Dragon Vault Group is Heifei Meiling Rongfeng, which is a joint venture enterprise owned as to 65% by Glory Full International Limited and 35% by Hefei Meiling Group Holding Limited (合肥美菱集團控股有限公司) established on 17 May 2007. It is expected that Heifei Meiling Rongfeng will provide EPS packaging products to Heifei Meiling Group Holding Limited and its group of companies in the locality, since they are engaged in the production and sale of electrical appliances. According to the Directors, it is expected that Hefei Meiling Rongfeng will commence operation by the end of 2007.

The registered capital of Heifei Meiling Rongfeng is RMB30,000,000, and as at the Latest Practicable Date, approximately RMB5.1 million had been paid up. Upon Dragon Vault Completion, the Company will be responsible to contribute approximately RMB15,554,247 of the outstanding registered capital, which is payable by 17 May 2008. As at the Latest Practicable Date, Hefei Meiling Group Holding Limited and Glory Full International Limited had contributed RMB1,200,000 and RMB3,945,753 respectively into Hefei Meiling Rongfeng, and Hefei Meiling Group Holding Limited and Yearfull International (having acquired the 65% interest in Hefei Meiling Rongfeng from Glory Full International Limited) are required to contribute the remaining capital in the amount of RMB9,300,000 and RMB15,554,247, respectively.

The acquisition of Dragon Vault Group is an opportunity for the Group to expand its EPS packaging business with Hefei Meiling Group Holding Limited, which is a well-known electrical appliances manufacturer in the PRC. Hefei Meiling Group Holding Limited and its group of companies are engaged in electrical appliance production and sales.

Based on the above, we concur with the view of the Directors that the acquisition of the Dragon Vault Group would enable the Group to concentrate its resources in developing the Group's core business in the manufacturing of EPS, paper honeycomb, paper and other packaging materials to improve the results of the Group in the future. Therefore, we are of the view that the Dragon Vault Acquisition is in the interest of the Company and the Shareholders as a whole.

b. Consideration of the Dragon Vault Consideration

As set out in the Letter from the Board, Great Prospect will conditionally acquire from Mr. Chao 100% interest in Dragon Vault at a total consideration of HK$7,000,000, which is payable by Great Prospect in cash to Mr. Chao upon Dragon Vault Completion.

According to the Directors, the Dragon Vault Consideration was determined after arm's length negotiations between the parties of the agreement with reference to (i) the Profit Guarantee Undertaking Letter; (ii) the track record, client base and business prospects of the Wisdom Sun Group; and (iii) the potential profitability of Dalian Haijing.

(i) Price-to-book (P/B) ratio analysis

The Dragon Vault Group recorded a net loss of RMB109,000 for the period from 17 May 2007 to 30 June 2007. Besides, Hefei Meiling Rongfeng, the major operating subsidiary of the Dragon Vault Group, is a new company established in May 2007 and has not commenced commercial operation. Therefore, the historical P/E ratio is not applicable in the analysis of the fairness of the Dragon Vault Consideration. Instead, we have compared the implied historical P/B ratio in relation to the Dragon Vault Acquisition to the historical P/B ratios of those companies which are listed on the Stock Exchange and are principally engaged in similar business. To our best knowledge, there is no company that is engaged in the EPS packaging business that are listed on the Stock Exchange, but we have identified 8 comparable companies which are mainly engaged in the manufacture of paper-based packaging materials, summarised in the table below. We are of the view that these companies, producing packaging materials, are of similar nature of business with the Dragon Vault Group and therefore are relevant for the analysis.

Stock Code	Company	Business	Historical P/B
403	Starlite Holdings Limited	Prints and manufactures packaging materials, labels, paper products	0.58
377	New Island Print Holdings Limited	Prints and manufactures high quality multi-color packaging products, carton boexes, books, brochures, and other paper products	0.68
1196	Cheong Ming Investments Limited	Manufactures and sells paper cartons, packaging boxes	0.71
450	Hung Hing Printing Group Limtied	Manufactures and prints paper and carton boxes	0.81
474	Winbox International Holdings Limited	Designs, manufactures, and sells packaging products	1.23
1201	Kith Holdings Limited	Manufactures and prints packaging products	1.53
2320	Hop Fung Group Holdings Ltd	Manufactures and sells corrugated paper-ware products including corrugated paperboard and corrugated carton boxes	2.68
3366	Overseas Chinese Town (Asia) Holdings Limited	Designs and manufactures paper-based packaging containers and materials, including corrugated paperboard and printed cartons	2.5
		Maximum	2.68
		Minimum	0.58
		Average	1.34

Source: Bloomberg and company annual reports

The consideration of the Dragon Vault Acquisition under the Dragon Vault Acquisition Agreement is HK$7,000,000. In our opinion, since the un-paid up registered capital of RMB15,554,247 will have to be paid by Yearfull International by 17 May 2008, such amount of un-paid up capital should also be considered in assessing the fairness of the consideration of the Dragon Vault Acquisition. Therefore, the consideration would be approximately HK$22,398,704. Based on the audited balance sheet of the Dragon Vault Group set out in Appendix II to this Circular and the pro forma balance sheet of the Resulting Group set out in Appendix IV to this Circular, we set out below the adjusted net asset value ("Adjusted NAV") of the Dragon Vault Group:

	HK$'000
Net asset value as at 30 June 2007	3,826
Revaluation gain of buildings and land use rights with the expended construction cost *(Note 1)*	1,783
Contribution of unpaid-up capital *(Note 2)*	15,399
Adjusted NAV	21,008

Notes:

1. As set out in the pro forma balance sheet of the Resulting Group in Appendix IV, a revaluation report is prepared by Asset Appraisal Limited to revalue the market value of buildings and land use rights with the expended construction costs in which the Dragon Vault Group shared the gain of approximately HK$1,783,000.

2. The total registered capital of Heifei Meiling Rongfeng is RMB30,000,000. Yearfull International is required to pay a total of RMB19,500,000, of which RMB15,554,247 is outstanding as at the Latest Practicable Date. The total registered capital of Hefei Meiling Rongfeng is required to be fully paid up on or before 17 May 2008.

Based on the Adjusted NAV and the consideration of HK$22,398,704, the implied P/B ratio for the Dragon Vault Acquisition is approximately 1.07 times.

As noted from the table above, the P/B ratios of the comparable companies ranged from 0.58 times to 2.68 times, with an average of approximately 1.34 times. The implied P/B ratio of the Dragon Vault Acquisition is within the range of P/B ratios of the comparable companies and is below the average P/B ratios of the comparable companies.

In addition, we have compared the implied P/B ratio from the Dragon Vault Consideration in relation to the P/B ratios of those companies listed on the stock exchanges outside of Hong Kong, which produce EPS products and/or similar products and have summarised the results in the table below:

Stock Code	Stock Exchange	Company	Business	Historical P/B
IRPC	Thailand	IRPC PCL	Produces a variety of petrochemical products including polypropylene, high density polyethylene and expandable polystyrene primarily used in packaging materials	1.40
002360	Korea	SH Chemical Co., Ltd.	Manufactures and markets polymer products such as expandable polystyrene resins	1.45
PFB	Canada	PFB Corporation	Operates plastic foam businesses throughout Canada, including manufacturing building products for the construction industry as well as custom molded products for the automotive and other industries	1.55
HIS	Austria	Hirsch Servo AG	Manufactures expandable polystyrene packaging material used primarily for the packaging of valuable and sensitive products such as electronics, telecommunications and electronic data processing equipment	2.83
SI	India	Supreme Industries Limited	Manufactures industrial and engineered moulded products and storage and material handling crates, including chemicals, multilayer sheets, multilayer films, packaging films and expanded polyethylene form, PVC pipes and fittings, molded furniture and disposable EPS containers	4.45
			Maximum	4.45
			Minimum	1.55
			Average	2.34

Source: Bloomberg

As noted from the table above, the P/B ratios of the comparable companies listed overseas ranged from 1.55 times to 4.45 times, with an average of approximately 2.34 times. The implied P/B ratio of the Dragon Vault Acquisition falls below the range of P/B ratios of the comparable companies listed overseas and is below the average P/B ratios of the comparable companies listed overseas.

Given that (i) the Directors confirmed that the Dragon Vault Consideration was determined after arm's length negotiations between the parties of the agreement and (ii) the implied P/B ratio analysis above, we concluded that the Dragon Vault Consideration is fair and reasonable.

4. The Profit Guarantee Undertaking Letter

On 20 November 2007, Mr. Chao and Mrs. Chao gave a profit guarantee to Great Prospect pursuant to the Profit Guarantee Undertaking Letter, whereby Mr. and Mrs. Chao, jointly and severally, guaranteed and undertook to Great Prospect that the combined net profit after tax of each of the PRC companies comprised in the Wisdom Sun Group and Dragon Vault Group as shown in the audited accounts ("Audited Accounts") issued by a qualified Hong Kong accounting firm using the applicable Hong Kong accounting principles ("Combined Net Profit") for the year ending 31 December 2008 will not be less than RMB38,000,000. In calculating the Combined Net Profit, if any of the PRC companies comprised in the Wisdom Sum Group and the Dragon Vault Group is not indirectly wholly owned by Great Prospect, only the part of profit attributable to (directly or indirectly) Great Prospect shall be included.

In the event that the Combined Net Profit for the year ending 31 December 2008 is less than the Guaranteed Amount, Mr. Chao and Mrs. Chao would, jointly and severally, compensate Great Prospect with a sum in RMB, within 30 days after issuance of all of the Audited Accounts, calculated based on the following formula:

$A \times (B - C)/B$

where:

A = 178,965,517, being the total consideration of HK$178,965,517 under the Wisdom Sun Acquisition Agreement and the Dragon Vault Acquisition Agreement

B = the Guaranteed Amount

C = actual Combined Net Profit of the financial year ended 31 December 2008

We have reviewed the Profit Guarantee Undertaking Letter and noted that the profit guarantee undertaking is effective upon completion of both the Wisdom Sun Acquisition and Dragon Vault Acquisition. We also note that the Wisdom Sun Acquisition and Dragon Vault Acquisition are not inter-conditional. We have discussed with the Directors and understood that in the event that completion of either of the Wisdom Sun Acquisition or Dragon Vault Acquisition does not take place, the profit guarantee undertaking stipulated under the Profit Guarantee Undertaking Letter would have no effect.

Assuming that both the Wisdom Sun Acquisition and the Dragon Vault Acquisition would be completed, and given the total consideration of HK$194,364,221 of the Wisdom Sun Acquisition and the Dragon Vault Acquisition (including the un-paid up capital of Hefei Meiling Rongfeng of RMB15,554,247 payable by Yearfull International), and the Combined Net Profit of RMB38,000,000 for the year ending 31 December 2008, the implied P/E for the year ending 31 December 2008 of the Wisdom Sun Acquisition and Dragon Vault Acquisition taken together would be approximately 5.17 times.

As noted under "Price-to-earnings (P/E) ratio analysis" discussed above, the forward P/E ratios of the comparable companies listed on the Stock Exchange for the year ending 31 December 2008 quoted from Bloomberg ranged from 6.50 times to 7.82 times, with an average of 7.16 times. Therefore, the implied forward P/E ratio of the Wisdom Sun Acquisition and the Dragon Vault Acquisitions taken together is below the forward P/E ratio of the comparable companies.

However, the Independent Shareholders should be reminded that, in the event that completion of any of the Wisdom Sun Acquisition or Dragon Vault Acquisition does not take place, the profit guarantee undertaking in the Profit Guarantee Undertaking Letter shall have no effect, hence (i) the implied P/E ratio of the Wisdom Sun Acquisition and the Dragon Vault Acquisitions taken together based on the Combined Net Profit will not be relevant and (ii) the Company would not be compensated of any amount in the event of the unsatisfactory performance of the Wisdom Sun Group or the Dragon Vault Group, if completion of the respective acquisition has taken place.

5. The Non-competition undertaking

On condition that the Wisdom Sun Acquisition Agreement or the Dragon Vault Acquisition Agreement has been completed, Mr. Chao and Mrs. Chao will provide the following non-competing undertakings to the Company:

(1) Mr. Chao and Mrs. Chao and their respective associates (as defined in Rule 1.01 of the GEM Listing Rules) will not own any business or interest that will compete with the manufacturing and selling of EPS or paper honeycomb packaging materials carried out by the Group (the "Packaging Materials Business") in the PRC, excluding Huizhou; and

(2) where opportunities arise which may compete with the Packaging Materials Business of the Company in the PRC, the Company shall have the first right of refusal to take up such opportunity. Unless the Board decides to give up such opportunity, Mr. Chao, Mrs. Chao and their respective associates (as defined in Rule 1.01 of the GEM Listing Rules) shall not engage in the relevant business and investment.

The above non-competition undertaking shall continue to be in full force until: (i) Mr. Chao or Mrs. Chao and their respective associates (as defined in Rule 1.01 of the GEM Listing Rules) cease to hold at least 30% of the issued Shares; or (ii) the Shares cease to be listed on the Stock Exchange, whichever is earlier.

As set out in the Letter from the Board, the Wisdom Sun Group is principally engaging in the business of production and sale of EPS and paper honeycomb packaging materials. The design services in packaging products and moulds are ancillary business and are not considered as part of the principal business of the Wisdom Sun Group. As EPS packaging products are relatively bulky and hence transportation costs of EPS packaging products are very high, the EPS industry is a localized industry with each EPS factory serving its customers located nearby. Given the geographical limitations for the EPS packaging industry, the Directors consider that there is no competition for EPS business in different localities. As Mr. Chao has business in Huizhou, the PRC engaging in the production and sales of EPS products, the non-competition undertaking excludes Huizhou, the PRC. However, given that the Wisdom Sun Group has not been engaging in the production and sales of EPS products in Huizhou, the PRC, the Directors consider that Mr. Chao's business in Huizhou would not compete with the business of the Wisdom Sun Group in the production and sales of EPS products.

We are of the view that the non-competition undertaking from Mr. Chao and Mrs. Chao will protect the interests of the Company and the Independent Shareholders following the completion of the Acquisitions and is in the interests of the Company and the Independent Shareholders.

6. Risks concerning title defects in respect of the production facilities of the Wisdom Sun Group

As set out in the section headed "Risks concerning title defects in respect of the production facilities of the Resulting Group in the PRC" in the Letter from the Board, as at the Latest Practicable Date, there were six properties (the "Properties") leased by the PRC companies within the Wisdom Sun Group that the Group was unable to ascertain if the landlords have titles to, or the rights or authorisation to lease to such PRC companies, the respective Properties (the "Title Defects"). Details of the Properties and the Title Defects are set out in the property valuation report contained in Appendix VI to this Circular.

Each of the relevant landlords of the Properties have provided to the affected PRC companies (in their capacity as the tenant) a guarantee (the "Guarantees from Landlords") confirming that the landlord has the right to let the Property, and the landlord will indemnify the tenant any claim from third party for any loss due to cessation of the landlord's rights to let the Property.

The Directors considered that, although there are defects in the title of the Properties which the Directors were made aware of during the negotiations of the Wisdom Sun Acquisition Agreement, the terms of the Wisdom Sun Acquisition are fair and reasonable, because:

a) in the event of relocation because of the Title Defects, it will not cause material disruption to the operation of the Wisdom Sun Group as similar factory premises are readily available in the nearby area, and the Directors estimate that the time required for the relocation will be less than 14 days and the relevant expenses will be less than RMB1.1 million as all the equipment and machineries situated in the Properties for production are not bulk in size and do not require special arrangement for the purpose of relocation. As each Property contains several production lines, in the event of removal, it is feasible to arrange for partial operation within 7 days and the effect of disruption on operation can be minimized;

b) the Directors made specific enquiries with Mrs. Chao and were advised that up to the Latest Practicable Date, Mrs. Chao and the Wisdom Sun Group were not aware of any notice, claims or disputes (actual or threatened) from any third party or any governmental body in relation to the ownership or leasing of the Properties;

c) the relevant PRC companies within the Wisdom Sun Group have obtained a guarantee from the relevant landlord(s) confirming that the landlord(s) has/have the right to let the relevant Property, and the landlord(s) will indemnify the tenant any claim from third party for any loss due to cessation of the landlord's rights to let the relevant Property. Hence, even if the relevant member of the Wisdom Sun Group is forced to be removed from the Properties, the Wisdom Sun Group will only be liable to pay for the removal costs;

d) Wisdom Sun Group and Dragon Vault Group have obtained proper title documents for the self-owned properties.

We have reviewed the Guarantees from Landlords and are satisfied that according to the terms therein, the relevant PRC companies leasing the Properties would be indemnified in the event that the landlord(s) cease(s) to have the right to let the Property. In addition, the Directors represent that in the event of relocation because of the Title Defects, the estimated time and cost required for relocation will not be significant, and hence we are of the view that the probable disruption to the operation the Wisdom Sun Group would not be material. Furthermore, if there is disruption to the operation of the Wisdom Sun Group such that the Combined Net Profit for the year ending 31 December 2008 falls below the Guaranteed Amount, the Company would be compensated by Mr. Chao and Mrs. Chao pursuant to the Profit Guarantee Undertaking Letter, if completion of both the Wisdom Sun Acquisition and the Dragon Vault Acquisition takes place.

Overall, we are satisfied that sufficient measures have been taken by the Company to minimise the risks associated with the Title Defects. Hence, we are of the view that the Wisdom Sun Acquisition is fair and reasonable.

7. Financial effects of the Acquisitions on the Group

All companies comprised in the Wisdom Sun Group and Dragon Vault Group will become subsidiaries of the Company upon completion of the respective acquisition agreement, and hence, their results will be consolidated with those of the Group.

We have considered the potential financial effects of the Acquisitions on the Company based on the financial information of the Group as set out in Appendix I to the Circular and the unaudited pro forma financial information of the Group after the Acquisitions but before the Disposal (the "Enlarged Group") as set out in Appendix IV to the Circular. The Directors have prepared the unaudited proforma financial information of the Enlarged Group to illustrate the effects of the Acquisitions (but before the Disposal) might have on the results of the operations, financial position and cash flows of the Group immediately after the completion of Acquisitions (but before the Disposal). The pro forma financial information is prepared based on a number of bases and assumptions set out in Appendix IV, and is prepared solely for illustrative purposes. Independent Shareholders are advised to read the bases and assumptions carefully.

a. Net asset value and net asset value per share

Based on the unaudited pro forma balance sheet of the Resulting Group as set out in Appendix IV to the Circular, the unaudited pro forma adjusted net assets of the Enlarged Group would have been approximately HK$153.2 million had the completion of the Acquisitions been taken place on 30 June 2007, representing an increase of approximately HK$134 million as compared to the net asset value of approximately HK$19.2 million of the Group as at 30 June 2007.

Furthermore, having considered the issue of the Wisdom Sun Consideration Shares, the net asset value per share of the Enlarged Group would have been HK$0.63, as compared to the actual net asset value per share of HK$0.16 of the Company as at 30 June 2007.

Since there would have been improvement on the net asset value and net asset value per share assuming the Acquisitions had been completed on 30 June 2007, we consider the Acquisitions are in the interests of the Company and the Shareholders as a whole.

Upon completion of the Acquisitions, a goodwill of approximately HK$76.8 million would be recorded based on the estimated cost of the Acquisitions in the amount of HK$178,965,517 and the fair values of the identified assets and liabilities of the Wisdom Sun Group and the Dragon Vault Group as at 30 June 2007. Any future impairment of the goodwill may have a significant negative impact on the net asset position and financial results of the Enlarged Group. Independent Shareholders should note that the amount of goodwill arising from the Acquisitions recorded by the Enlarged Group may be different from the amount stated in the unaudited pro forma financial information depending on the fair values of the assets and liabilities of the Wisdom Sun Group and Dragon Vault Group and the fair value of the aggregate consideration as at the date of the completion.

b. Net profit and earnings per share

Based on the unaudited pro forma income statement of the Resulting Group as set out in Appendix IV to the Circular, the unaudited pro forma net profit of the Enlarged Group for the year ended 31 December 2006 would amount to approximately HK$14.5 million, assuming that completion of the Acquisitions had been taken place on 1 January 2006, as compared to the actual net loss of the Group of approximately HK$9.2 million.

The earnings per share of the Enlarged Group would have been approximately HK$0.06, assuming completion of the Acquisitions had been taken place on 1 January 2006, as opposed to a loss per share actually recorded in 2006. Hence, even though the issue of the Wisdom Sun Consideration Shares will lead to a dilution on shareholding interests of the Independent Shareholders, the profit or loss per share position of the Independent Shareholders would be better off as a result of the Acquisitions.

Since there would have been improvement on the net asset value, net asset value per share, net profit and earnings per share assuming the Acquisitions had been completed on 1 January 2006, we consider the Acquisitions are in the interests of the Company and the Shareholders as a whole.

c. Indebtedness and gearing

Based on the unaudited pro forma balance sheet of the Enlarged Group as set out in Appendix IV to the Circular, had the Acquisitions been completed on 30 June 2007, the total interest bearing bank and other borrowings of the Enlarged Group would have been approximately HK$48.3 million as compared to the actual debt-free position of the Group.

The gearing ratio (calculated by dividing the total interest bearing bank and other borrowings by total assets) of the Enlarged Group would have been approximately 18.1%, as compared a debt-free position of the Group as of 30 June 2007.

We consider the gearing ratio of 18.1% is acceptable and hence, overall, we consider the Acquisitions are in the interests of the Company and the Shareholders as a whole.

d. Working capital and cashflow

According to the unaudited pro forma balance sheet of the Enlarged Group set out in Appendix IV to the Circular, had the Acquisitions been completed on 30 June 2007, the net current assets of the Enlarged Group would be HK$586,000, compared to the actual net current assets of HK$17.4 million of the Group.

According to the unaudited pro forma balance sheet of set out in Appendix IV to the Circular, had the Acquisitions been completed on 30 June 2007, the Enlarged Group would have had a negative cash balance of HK$34.8 million. According to the Directors, the negative cash and cash equivalents balance would be mainly attributable to the payment of cash consideration of Acquisitions amounting to HK$45 million. In addition, we have noted that such negative cash balance has not taken into account the proceeds of approximately HK$18.3 million from the Placing, which was completed in August 2007. The Company intends to satisfy the cash consideration of the Acquisitions by internal resources, bank borrowings or other fund raising exercises.

For the Wisdom Sun Acquisition, Great Prospect will satisfy HK$38 million of the Wisdom Sun Consideration in cash, in which HK$13 million will be payable on completion of the Wisdom Sun Acquisition, and HK$25 million will be payable within 12 months from the date of completion of the Wisdom Sun Acquisition. Assuming that the Dragon Vault Acquisition will be completed at the same time as the Wisdom Sun Acquisition, Great Prospect will have to pay a total of HK$20 million, followed by another HK$25 million in the following 12 months. In addition, the Group is responsible to contribute RMB15,554,247 in the un-paid up registered capital of Hefei Meiling Rongfeng if completion of the Dragon Vault Acquisition takes place.

As set out in the section headed "Working Capital" in Appendix I, the Directors are of the opinion that, having taken into account the presently available banking facilities and in the absence of unforeseen circumstances, the Resulting Group will have sufficient working capital to meet its present requirements for the next twelve months from the date of this circular assuming the Company will issue the 120,689,655 Wisdom Sun Consideration Shares at the price of HK$1.11 at an aggregate value of HK$133,965,517 upon the date of completion of the Wisdom Sun Acquisition Agreement. We have reviewed the working capital forecast which has taken into account the settlement of the Wisdom Sun Cash Payment, the Dragon Vault Consideration and the contribution of registered capital to Hefei Meiling Rongfeng, and considered relevant factors and are satisfied that the Directors' statement on the sufficiency of working capital has been prepared after due and careful enquiry.

In addition, Mrs. Chao, the vendor of the Wisdom Sun Acquisition Agreement, undertook to Great Prospect that she would not demand immediate payment of the Wisdom Sun Cash Payment from Great Prospect on the relevant payment dates if such payment(s) would cause a shortage of cashflow for Great Prospect (or its direct or indirect subsidiaries) to fulfill its daily operation need. Nonetheless, the Directors are of the opinion that in the absence of unforeseen circumstances and after taking into account the current cash balance and resources of the Resulting Group, Great Prospect will have sufficient working capital to pay, and it is the intention of the Group to pay, to Mrs. Chao of the Wisdom Sun Cash Payment on time.

RECOMMENDATION ON THE ACQUISITIONS

Having considered the above principal factors and reasons, we are of the opinion that the terms of the Acquisitions are fair and reasonable so far as the Independent Shareholders are concerned, and the Acquisitions, including the grant of the Acquisition Mandate, are in the interests of the Company and the Shareholders as a whole and on normal commercial terms. Therefore, we advise the Independent Shareholders, as well as the Independent Board Committee to recommend the Independent Shareholders, to vote in favor of the ordinary resolutions to be proposed at the First EGM to approve the Acquisitions, including the grant of the Acquisition Special Mandate.

II. REFRESHMENT OF GENERAL MANDATES

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in relation to the proposed grant of Refreshed General Mandates, we have taken the following principal factors and reasons into consideration:

1. Background and reason for the proposed grant of the Refreshed General Mandates

a. Proposed Grant of First Refreshed General Mandate

At the annual general meeting of the Company held on 10 May 2007, the Shareholders approved, among other things, a resolution to grant the Existing General Mandate to allot and issue up to 20,250,000 Shares. As detailed in the announcements of the Company dated 31 July 2007 and 17 August 2007, the entire Existing General Mandate had been used for the issue of 20,250,000 Shares under a placing completed on 17 August 2007. The Directors propose to refresh the Existing General Mandate to allot and issue new Shares not exceeding 20% of the total issued share capital of the Company at the date of the First EGM.

As set out in the Letter from the Board, the existing total issued share capital of the Company as at the Latest Practicable Date was 121,500,000 Shares. Assuming the total issued share capital of the Company remains unchanged up the date of the First EGM, it is expected that the refreshment of the Existing General Mandate would result in the Directors being authorized to allot and issue up to 24,300,000 Shares.

b. Proposed Grant of Second Refreshed General Mandate

Assuming the Wisdom Sun Acquisition has been approved by Independent Shareholders at the First EGM, the Directors expect that the Wisdom Sun Acquisition shall be able to be completed soon after the date of the First EGM, upon which time the total issued share capital of the Company will be enlarged by the issue of the Wisdom Sun Consideration Shares. The Directors propose to refresh the First Refreshed General Mandate to allot and issue new Shares not exceeding 20% of the total issued share capital of the Company at the date of the Second EGM. Assuming the Wisdom Sun Consideration Shares have been issued on or before the date of the Second EGM and no Shares are repurchased or issued under the First Refreshed General Mandate, the total issued share capital of the Company will be 242,189,655 Shares, and the Second Refreshed General Mandate will result in the Directors being authorized to allot and issue up to 48,437,931 new Shares.

Assuming (i) the Wisdom Sun Consideration Shares have been issued on or before the date of the Second EGM, (ii) no Shares are repurchased, and (iii) the maximum amount of Shares have been issued under the First Refreshed General Mandate, the total issued share capital of the Company will be 266,489,655 Shares, the Second Refreshed General Mandate will result in the Directors being authorized to allot and issue up to 53,297,931 new Shares.

If the Company shall issue any Shares under the Refreshed General Mandates, the Directors intend to use such net proceeds to settle part of the Dragon Vault Consideration and/or Wisdom Sun Consideration, and as general working capital.

Since the Existing General Mandate had been used up, we concur with the Directors that the proposed Refreshed General Mandates will provide the Company with additional financial flexibility for the settlement of the Dragon Vault Consideration and/or Wisdom Sun Consideration, and therefore we consider the Refreshed General Mandates are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

2. Current financial resources of the Company

According to the unaudited pro forma balance sheet set out in Appendix IV to the Circular, had the Acquisitions and Disposal been completed on 30 June 2007, the Resulting Group would have had a negative cash balance of HK$33.5 million. According to the Directors, the negative cash balance would be mainly attributable to the payment of cash consideration of Acquisitions amounting to HK$45 million. The Company intends to satisfy the cash consideration of the Acquisitions by internal resources, bank borrowings or other fund raising exercises.

As set out under "Working capital and cashflow" in the section headed "Financial effects of the Acquisitions on the Group", the Directors are in the opinion that, having taken into account the presently available banking facilities and in the absence of unforeseen circumstances, the Resulting Group will have sufficient working capital to meet its present requirements for the next twelve months from the date of this circular assuming the Company will issue the 120,689,655 Wisdom Sun Consideration Shares at the price of HK$1.11 at an aggregate value of HK$133,965,517 upon the date of completion of the Wisdom Sun Acquisition Agreement.

However, in order to provide the Group with more flexibility for the financing of the Acquisitions and for the future development of the Group, we are in the opinion that the Refreshed General Mandates are in the interests of the Company and the Shareholders as a whole.

3. Other financing alternative

As indicated by the Directors, the Group will also consider using internal resources and bank borrowings to fund the Acquisitions, depending on the then market condition and financial position of the Group. Hence, the proposed Refreshed General Mandates presents one of the alternatives for the Company to finance the proposed Acquisitions. The Directors confirmed that, after considering the interests of the Company and the Shareholders as a whole, they would determine the most appropriate means of financing to settle the considerations under the proposed Acquisitions.

We are of the view that the proposed Refreshed General Mandates presents one of the alternatives for the Company to finance the proposed Acquisitions, which increase the flexibility of the means of financing of the Group, and is in the interests of the Company and the Shareholders as a whole.

4. Possible dilution of shareholding interest in the Company

Set out below is a table showing the shareholdings of the Company (i) as at the Latest Practicable Date, (ii) upon completion of the issue of Wisdom Sun Shares, (iii) upon full utilisation of the First General Mandate, and (iv) upon full utilisation of the Second Refreshed General Mandate (assuming that the Wisdom Sun Shares have been issued on the Second EGM and no Shares are repurchased and the maximum amount of Shares have been issued under the First Refreshed General Mandate).

Shareholders	(i) Shareholding as at the Latest Practicable Date		(ii) Shareholding upon completion of issue of Wisdom Sun Consideration Shares		(iii) Shareholding upon full utilization of the First Refreshed General Mandate		(iv) Shareholding upon full utilization of the Second Refreshed General Mandate *(Note 2)*	
	Number of Shares	*%*	*Number of Shares*	*%*	*Number of Shares*	*%*	*Number of Shares*	*%*
Haijing Holdings *(Note 1)*	51,909,350	42.72	172,599,005	71.27	172,599,005	64.77	172,599,005	53.97
Mr. Chao	9,030,000	7.43	9,030,000	3.73	9,030,000	3.39	9,030,000	2.82
Public:								
Other	60,560,650	49.85	60,560,650	25.00	60,560,650	22.72	60,560,650	18.94
Shares to be issued under the Refreshed Mandates	–	–	–	–	24,300,000	9.12	77,597,931	24.27
Total	121,500,000	100	242,189,656	100	266,489,655	100	319,787,586	100

Notes:

1. Haijing Holdings is wholly and beneficially owned by Mr. Chao.

2. Assuming that the Wisdom Sun Shares have been issued on the Second EGM and no Shares are repurchased and the maximum amount of Shares have been issued under the First Refreshed General Mandate.

As illustrated in the above table, there are possible dilution effects on shareholding upon full utilisation of the Refreshed General Mandates. Upon full utilisation of the First Refreshed General Mandate, the shareholding of the existing public Shareholders will be decreased slightly from 25.00% to 22.72% (assuming that the Wisdom Sun consideration Shares are issued). Furthermore, upon full utilisation of the Second Refreshed General Mandate, and (assuming that the Wisdom Sun Shares have been issued on the Second EGM and no Shares are repurchased and the maximum amount of Shares have been issued under the First Refreshed General Mandate), the shareholding of the existing public Shareholders will be further decreased to 18.94%.

RECOMMENDATION ON THE REFRESHED GENERAL MANDATES

Having considered the above principal factors and reasons, we are of the opinion that the proposed grant of the Refreshed General Mandates are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Shareholders, as well as the Independent Board Committee to recommend the Independent Shareholders, to vote in favor of the ordinary resolutions (i) to be proposed at the First EGM to approve the First Refreshed General Mandate and (ii) to be proposed at the Second EGM to approve the Second Refreshed General Mandate.

Yours faithfully,

For and on behalf of
Kingsway Capital Limited
Chu Tat Hoi
Executive Director

The following is the text of a report, prepared for the sole purpose of incorporation in this circular received from the Company's reporting accountants, CCIF CPA Limited, Certified Public Accountants, Hong Kong.

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

17 December 2007

The Board of Directors
Sino Haijing Holdings Limited

Dear Sirs,

We set out below our report on the financial information relating to Sino Haijing Holdings Limited ("the Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), including the consolidated balance sheet of the Group as at 31 December 2004, 2005 and 2006 and 30 September 2007, and the consolidated income statement, the consolidated cash flow statement, the consolidated statement of changes in equity and the notes thereto of the Group for the years ended 31 December 2004, 2005, 2006 and for the nine months ended 30 September 2007 (the "Relevant Periods") (hereinafter collectively the "Financial Information") prepared for inclusion in the circular (the "Circular") issued by Company dated 17 December 2007 in connection with a very substantial disposal resulting from the proposed disposal of the Group's entire 100% equity interests in its subsidiary, Innovis Technology Limited ("Innovis HK"), which is principally engaged in the provision of IBS solutions installation services and sales of electronic equipment (the "Disposal"), pursuant to the Disposal Agreement dated 13 November 2007 entered into between Mr. Lam Ying Hung Andy, an independent third party and the subsidiary of the Company, Innovis (IB) Limited ("Innovis BVI"). The comparative unaudited financial information of the Group for the nine months ended 30 September 2006 (the "Comparative Financial Information") was prepared on the same basis for the purpose of this report.

The Company was incorporated in the Cayman Islands on 8 July 2002 as an exempted company with limited liability with an authorised share capital of HK$100,000,000 divided into 1,000,000,000 ordinary shares of HK$0.1 each. As at the date of this report, the Company had direct and indirect interested in the principal subsidiaries set out in Note 17 of section B below.

We have acted as auditors of the Group and have audited the consolidated financial statements of the Group for the years ended 31 December 2005 and 2006 and the nine months ended 30 September 2007. The consolidated financial statements of the Group for the year ended 31 December 2004 were audited by PKF Certified Public Accountants. The Financial Information for the Relevant Periods set out in this report has been prepared based on the audited financial statements of the Group (the "Underlying Financial Statements"). The Underlying Financial Statements 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 (the "HKICPA") and accounting principles generally accepted in Hong Kong after making adjustments as we consider appropriate to restate the audited financial statements of the Group to refer the effect of the new and revised HKFRSs that had become effective at the date of this report and has been prepared on the basis set out in Note 3 of section B below. We have, for the purpose of this report, audited the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The preparation of the Underlying Financial Statements and the Financial Information which give a true and fair view is the responsibility of the directors of the Company. The directors of the Company are responsible for the contents of the Circular in which this report is included. In preparing the Underlying Financial Statements and the Financial Information which give a true and fair view, it is fundamental that appropriate accounting policies are selected and applied consistently. It is our responsibility to form an independent opinion and a review opinion, based on our examination, on the Financial Information and to report our opinion solely to you. We believe that our work provides a reasonable basis for our opinion.

For the purpose of this report, we have examined the Financial Information of the Group for the Relevant Periods and have carried out such additional procedures as we considered necessary in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

In our opinion, the Financial Information gives, for the purpose of this report, a true and fair view of the state of affairs of the Group as at 31 December 2004, 2005 and 2006 and 30 September 2007 and of the consolidated results and cash flows of the Group for the Relevant Periods.

For the purpose of this report, we have reviewed the Financial Information of the Group for the nine months ended 30 September 2006 which comprises the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement, for which the directors of the Group are responsible, in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists principally of making enquires of management and applying analytical procedures to the Financial Information and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the Financial Information for the nine months ended 30 September 2006.

Based on our review for the purpose of this report, which does not constitute an audit, we are not aware of any material modifications that should be made to the unaudited Financial Information presented for the nine months ended 30 September 2006.

A. FINANCIAL INFORMATION

Consolidated Income statement

		Year ended 31 December			Nine months ended 30 September	
		2004	2005	2006	2006	2007
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
					(Unaudited)	
Revenue	6	26,079	19,428	4,511	3,857	7,676
Cost of sales		(21,228)	(19,004)	(4,228)	(4,201)	(7,697)
Gross profit/(loss)		4,851	424	283	(344)	(21)
Other income	6	950	257	583	212	576
Administrative expenses		(5,516)	(9,270)	(9,872)	(3,844)	(7,051)
Finance costs	7	(167)	(155)	(39)	(36)	(12)
Profit/(loss) before income tax	8	118	(8,744)	(9,045)	(4,012)	(6,508)
Income tax	9	(98)	–	(181)	(4)	–
Profit/(loss) for the year/period		20	(8,744)	(9,226)	(4,016)	(6,508)
Profit/(loss) attributable to equity holders		20	(8,744)	(9,226)	(4,016)	(6,508)
Dividends		–	–	–	–	–
Earnings/(loss) per share						
– Basic		0.1 cents	(23) cents	(16) cents	(7.5) cents	(7.3) cents
– Diluted		0.1 cents	N/A	N/A	N/A	N/A

Consolidated Balance sheet

		As at 31 December			As at 30 September
		2004	2005	2006	2007
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets					
Property, plant and equipment	*14*	534	688	492	555
Land use right	*15*	–	–	–	3,471
Construction in progress	*16*	–	–	–	239
Available-for-sale financial assets	*18*	999	767	859	863
Held-to-maturity debt securities	*19*	49	49	–	–
Retention money receivables		1,266	1,224	563	–
		2,848	2,728	1,914	5,128
Current assets					
Held-to-maturity debt securities	*19*	300	–	49	–
Available-for-sale financial assets	*18*	–	–	–	308
Amount due from ultimate holding company	*20*	4	–	–	–
Tax recoverable		359	264	60	1
Prepayments, deposits and other receivables		4,395	2,305	2,663	21,902
Trade receivables	*21*	16,841	14,404	2,802	7,465
Retention money receivables		322	137	33	–
Pledged time deposits	*22*	1,011	1,526	2,376	–
Cash and cash equivalents	*23*	4,570	3,087	6,417	8,138
		27,802	21,723	14,400	37,814
Current liabilities					
Bills payables, unsecured		340	4,873	–	–
Trade payables	*24*	2,505	3,002	1,118	5,317
Accruals and other payables		1,616	918	1,005	1,968
Secured bank loan	*25*	2,500	833	–	–
Obligation under finance lease	*26*	45	–	–	–
Amount due to a related company	*27*	96	60	442	442
Amount due to a director	*27*	–	1,026	152	154
		7,102	10,712	2,717	7,881
Net current assets		20,700	11,011	11,683	29,933
Total assets less current liabilities		23,548	13,739	13,597	35,061
Non-current liabilities					
Secured bank loan	*24*	833	–	–	–
NET ASSETS		22,715	13,739	13,597	35,061
Capital and reserves					
Share capital	*28*	3,750	3,750	6,750	12,150
Reserves		18,965	9,989	6,847	22,911
TOTAL EQUITY		22,715	13,739	13,597	35,061

Consolidated statement of changes in equity

	Share capital *HK$'000*	Share Premium *HK$'000*	Capital reserves *HK$'000*	Translation reserves *HK$'000*	Investment revaluation reserves *HK$'000*	Retained profits/ (accumulated losses) *HK$'000*	Total *HK$'000*
As at 1 January 2004	3,750	8,672	117	–	–	10,156	22,695
Profit for the year	–	–	–	–	–	20	20
At 31 December 2004 and 1 January 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)
Loss for the year	–				–	(8,744)	(8,744)
At 31 December 2005 and 1 January 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
Loss for the year	–	–	–	–	–	(9,226)	(9,226)
At 31 December 2006 and 1 January 2007	6,750	14,664	117	–	(140)	(7,794)	13,597
Issue of one rights share for every two existing shares	3,375	6,750	–	–	–	–	10,125
Placing of new shares	2,025	16,605	–	–	–	–	18,630
Issuing expenses	–	(878)	–	–	–	–	(878)
Increase in exchange differences	–	–	–	150	–	–	150
Fair value loss on available-for-sale financial assets	–	–	–	–	(55)	–	(55)
Loss for the period	–	–	–	–	–	(6,508)	(6,508)
At 30 September 2007	12,150	37,141	117	150	(195)	(14,302)	35,061
For the period ended 30 September 2006 (unaudited)							
1 January 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
Issuing expenses	–	(64)	–	–	–	–	(64)
Fair value gain on available-for-sale financial assets	–	–	–	–	46	–	46
Loss for the period	–	–	–	–	–	(4,016)	(4,016)
At 30 September 2006	5,625	10,483	117	–	(186)	(2,584)	13,455

Note: 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.

Consolidated cash flow statements

	Year ended 31 December			Nine months ended 30 September	
	2004	**2005**	**2006**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Cash flow from operating activities					
Profit/(loss) before income tax	118	(8,744)	(9,045)	(4,012)	(6,508)
Bank deposit pledged for banking facilities	1,289	(515)	(850)	(834)	2,376
Amortisation of land use right	–	–	–	–	52
Depreciation of property, plant and equipment	235	187	209	30	159
Interest expenses	135	119	25	24	–
Interest income	(41)	(18)	(148)	(97)	(229)
Loss on disposal of property, plant and equipment	60	–	–	–	–
Provision of impairment loss of					
– trade receivables	–	–	957	500	2,757
– retention money receivable	–	–	743	–	430
– other receivables	348	2,837	–	–	–
Impairment loss of					
– trade receivables	143	1,678	2,862	–	–
– retention money receivable	–	–	188	–	–
Operating profit/(loss) before changes in working capital	2,287	(4,456)	(5,059)	(4,389)	(963)
(Increase)/decrease in trade receivables	(6,524)	759	7,783	7,920	(7,418)
Decrease/(increase) in retention money receivables	–	227	(166)	–	166
Increase in prepayments, deposits and other receivables	–	(747)	(358)	(145)	(19,239)
Decrease in amounts due from related companies	138	–	–	–	–
Increase/(decrease) in amount due from ultimate holding company	(4)	4	–	–	–
Increase/(decrease) in trade payables	–	497	(1,884)	(1,907)	4,199
Increase/(decrease) in accruals and other payables	821	(698)	87	(88)	963
Increase/(decrease) in amount due to a related company	96	(36)	382	173	–
Increase/(decrease) in amount due to a director	–	1,026	(874)	(858)	2

	Year ended 31 December			Nine months ended 30 September	
	2004	**2005**	**2006**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Cash (outflow)/inflow from operations	(3,186)	(3,424)	(89)	706	(22,290)
Income taxes (paid)/refunded	(476)	95	23	264	59
Interest received	41	18	148	97	229
Interest paid	(135)	(119)	(25)	(24)	–
Net cash (used in)/generated from operating activities	(3,756)	(3,430)	57	1,043	(22,002)
Cash flows from investing activities					
Payments for investment in guaranteed funds	(999)	–	–	–	–
Payment of investment in held-to-maturity debt securities	(349)	–	–	–	–
Sale proceeds from investment in held-to-maturity debt securities	–	300	–	–	49
Purchase of available for sale financial assets	–	–	–	–	(367)
Purchase of land use right	–	–	–	–	(3,523)
Payment of construction in progress	–	–	–	–	(239)
Purchase of property, plant and equipment	(528)	(341)	(13)	–	(224)
Net cash outflow from investing activities	(1,876)	(41)	(13)	–	(4,304)
Cash flows from financing activities					
Increase in secured bank loan	5,000	–	–	–	–
Increase/(decrease) in bill payables	185	4,533	(4,873)	(4,873)	–
Principal repayment of obligation under finance lease	(73)	(45)	–	–	–
Repayment of bank borrowings	(1,667)	(2,500)	(833)	(833)	–
Net proceeds from rights issue of shares	–	–	3,685	3,685	9,577
Net proceeds from placing of shares	–	–	5,307	–	18,300
Net cash inflow/(outflow) from financing activities	3,445	1,988	3,286	(2,021)	27,877
(Decrease)/increase in cash and cash equivalents	(2,187)	(1,483)	3,330	(978)	1,571
Cash and cash equivalents at beginning of year/period	6,757	4,570	3,087	3,087	6,417
Effect of Foreign Exchange Rate Change	–	–	–	–	150
Cash and cash equivalents at end of year/period	4,570	3,087	6,417	2,109	8,138

B. NOTES ON THE FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands on 8 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 and its shares are listed on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited. The address of its registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of the principal place of business is Room 2412, 24th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong

The principal activities of the Company during the Relevant Periods are the provision of intelligent building system solutions installation services, sales of electronic equipment and sales of packaging materials.

2. PRINCIPAL ACCOUNTING POLICIES

The Financial Information has been prepared under the historical cost convention as modified for the revaluation of certain financial assets and liabilities at fair value. The preparation of Financial Information in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The principal accounting policies adopted are as follows:

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

i) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the Relevant Periods.

The results of subsidiaries acquired or disposed of during the Relevant Periods 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.

ii) Statement of compliance

The Financial Information set out in this report has been prepared in accordance with the principal accounting policies set out below. These accounting policies are in accordance with all applicable HKFRSs (which includes all applicable Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the HKICPA, accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance.

The Financial Information also complies with the disclosure requirements of the Listing Rules of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") as applicable to the Accountants' Report included in Listing Documents.

The HKICPA has issued the following standards and interpretations that are not yet effective. The Company has considered the following standards and interpretations but does not expect they will have a material effect on how the results of operations and financial position of the Company are prepared and presented.

HKAS 23 (Revised)	Borrowing Costs[4]
HKFRS 8	Operating Segments[4]
HK(IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions[1]
HK(IFRIC) – Int 12	Service Concession Arrangements[2]
HK(IFRIC) – Int 13	Customer Loyalty Programmes[3]
HK(IFRIC) – Int 14	HKAS 19 – The Limited on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[2]

1 Effective for annual periods beginning on or after 1 March 2007
2 Effective for annual periods beginning on or after 1 January 2008
3 Effective for annual periods beginning on or after 1 July 2008
4 Effective for annual periods beginning on or after 1 January 2009

b) 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.

c) Revenue recognition

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

The Company 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) Sales 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 on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

iv) Sale of marketable securities

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

d) Other investments in debt and equity securities

The Group's and Company's policies for investments in debt and equity securities, other than investments in subsidiaries, associates and jointly controlled entities, are as follows:

Investments in securities held for trading are classified as current assets. Any attributable transaction costs are recognised in profit or loss as incurred. 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 Company has 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 3(h)).

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 3(h)).

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 3(h)) 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 company commits to purchase/sell the investments or they expire.

e) 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 improvements	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.

f) Land use right

Land use right is up-front payment to acquire long-term interests in leasehold properties, which is stated at cost and is amortised on a straight-line basis over the lease period to the consolidated income statements.

g) Construction in progress

Construction in progress is stated at cost less accumulated impairment losses. Cost comprises all direct and indirect cost of construction. Construction in progress is transferred to property, plant and equipment and depreciation commences when construction is completed and the asset is put into use.

h) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payment. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

i) Assets acquired under finance leases

Where the Company acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets are included in fixed assets and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases. Depreciation is provided at rates which write off the cost or valuation of the assets over the term of the relevant lease or, where it is likely the Company will obtain ownership of the asset, the life of the asset, as set out in note 3(h). Impairment losses are accounted for in accordance with the accounting policy as set out in note 3(h). Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

ii) Operating lease charges

Where the Company has the use of assets under operating leases, payments made under the leases are charged to profit or loss 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 profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are written off as an expense of the accounting period in which they are incurred.

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term except where the property is classified as an investment property.

i) 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 property, plant and equipment 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

– 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 company 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 impairment losses 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.

– 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 3(h)).

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.

j) 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 3(h)), 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 3(h)).

k) 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.

l) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, and 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 and which are subject to an insignificant risk of changes in value. 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.

m) Employees benefits

i) Short term benefits

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

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

ii) Retirement benefit costs

The Company operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. The MPF Scheme has operated since 1 December 2000. Contributions are made based on a percentage of the employees' basic salaries and are charged to the profit and loss account as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Company in independently administered funds. The Company's employer contributions vest fully with the employees when contributed into the MPF Scheme. Prior to the MPF Scheme being effective, the Company did not have any pension arrangements for its employees.

n) 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 Company 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 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.

o) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the company 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.

p) Foreign currencies

Functional and presentation currency

Items included in the financial statements of the entities are measured using the currency of the primary economic environment in which the entity operates using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statement 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.

q) Related parties

For the purposes of these financial statements, parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they 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 Company where those parties are individuals, and post-employment benefit plans which are for the benefit of employees of the Company or of any entity that is a related party of the Company.

r) 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 system, the Group has chosen business segment information as the primary reporting format and geographical segment information as the secondary reporting format for the purposes of these financial statements.

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 entities within a single segment. Inter-segment pricing is based on similar terms as those available to the other external parties.

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

Unallocated items mainly comprised financial and corporate assets, interest-bearing loans, borrowings, tax balances, corporate and financing expenses.

s) 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 Company, 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.

4. FINANCIAL RISK MANAGEMENT

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

a) Foreign currency risk

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

b) Capital risk management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Company consists of debt, which mainly includes bills payables, trade payables, accruals and other payables, bank loan, obligation under finance lease, amounts due to a related company and a director, cash and cash equivalents and equity attributable to equity holders of the Company, comprising share capital and retained profits/losses.

The directors of the Company review the capital structure on a regular basis. As a part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. The Company will balance its overall capital structure through the payment of dividends as well as obtaining finance from banks or related parties.

There are no changes on the Company's approach to capital management during the year/period, and the Company is not subject to externally imposed capital requirements.

c) Liquidity risk

The Company is responsible for its own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands. The Company'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.

d) Fair values

All financial instruments are carried at amounts not materially different from their fair values as at 31 December 2004, 2005, 2006 and 30 September 2007.

5. 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 Company 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 Company'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. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. 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 3(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 Company's recent experience and the nature of the installation activity undertaken by the Company, the Company 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 the balance sheet on page 62 will not include profit which the Company 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 Company makes provision for doubtful debts based on an assessment of the recoverability of trade receivables and other receivables. Provision 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.

d) 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.

6. REVENUE AND OTHER INCOME

Revenue, which is also the Company's turnover, represents the net invoiced value of goods sold after allowances for returns and trade discounts during the Relevant Periods.

	Year ended 31 December			Nine months ended 30 September	
	2004	**2005**	**2006**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Revenue					
IBS solutions and sales of goods	26,079	19,428	4,511	3,857	7,676
Other income					
Bank interest income	41	18	148	97	229
Gain on disposal of trading in securities	–	–	306	–	259
Sundry income	293	239	129	115	70
Recovery of bad debt written off	616	–	–	–	18
Total revenue	950	257	583	212	576

7. FINANCE COSTS

	Year ended 31 December			Nine months ended 30 September	
	2004	2005	2006	2006	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Bank charges	32	36	14	12	12
Interest on bank overdrafts and bills payables	4	3	1	1	–
Interest on secured bank loan	116	106	11	10	–
Finance lease interest	15	10	–	–	–
Trust receipts loan interest	–	–	13	13	–
	167	155	39	36	12

8. PROFIT/(LOSS) BEFORE INCOME TAX

Profit/(loss) before income tax is arrived at after charging the following:

	Year ended 31 December			Nine months ended 30 September	
	2004	2005	2006	2006	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Charging:					
Auditors' remuneration					
– Current year/period	190	170	170	140	100
– (Over)/under-provision in previous year	(30)	24	–	–	–
	160	194	170	140	100
Depreciation					
– owned assets	205	187	209	30	161
– assets held under finance lease	30	–	–	–	–
Loss on disposal of property, plant and equipment	60	–	–	–	–
Operating lease charges on rented premises and equipment	108	156	448	344	326
Staff cost (including director's remuneration)					
– basic salaries and other benefits	2,255	1,798	2,259	1,624	1,709
– pension scheme contribution	101	128	118	93	74
Impairment loss of trade and other receivables	143	1,678	3,049	–	–
Provision of impairment loss of trade and other receivables	348	2,837	1,701	500	3,187

9. INCOME TAX

Taxation represents provision for Hong Kong profits tax at the rate of 17.5% on the estimated assessable profits of the companies within the Company operating in Hong Kong for the relevant periods. Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

	Year ended 31 December			Nine months ended 30 September	
	2004	**2005**	**2006**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Under-provision in previous years	–	–	181	4	–

The taxation for the Relevant Periods can be reconciled to the profit/(loss) before taxation per income statement as follows:

	Year ended 31 December			Nine months ended 30 September	
	2004	**2005**	**2006**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Profit/(loss) before taxation	118	(8,744)	(9,045)	(4,012)	(6,508)
Effect of tax at Hong Kong Profits tax rate of 17.5%	21	(1,530)	(1,583)	(702)	(1,139)
Tax effect or expenses not deductible for taxation purposes	105	496	334	–	–
Tax effect of income not subject to taxation	–	(3)	(49)	(11)	(3)
Tax effect of unrecognised accelerated depreciation allowances	(28)	–	15	18	12
Tax effect of tax losses not recognised	–	1,037	1,283	695	1,130
Under-provision in previous years	–	–	181	4	–
	98	–	181	4	–

10. DIRECTORS' REMUNERATION

The aggregate amounts of emoluments and payable to the directors of the Company during the Relevant Periods disclosed pursuant to section 161 of the Hong Kong Companies Ordinance are set below:

	Year ended 31 December			Nine months ended 30 September	
	2004	**2005**	**2006**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Fees	146	257	780	585	585
Other emoluments					
– Basic salaries, allowances and benefits in kind	947	659	110	95	45
– Pension scheme contributions	22	20	22	18	13
	1,115	936	912	698	643

11. DIVIDENDS

The directors do not recommend the payment of any dividend in respect of the Relevant Periods.

12. EARNINGS/(LOSS) PER SHARE

The calculations of the basic and diluted earnings/(loss) per share are based on the following data:

	Year ended 31 December			Nine months ended 30 September	
	2004	**2005**	**2006**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Profit/(loss) for the year/period	20	(8,744)	(9,226)	(4,016)	(6,508)

Number of Shares

	Year ended 31 December			Nine months ended 30 September	
	2004	**2005**	**2006**	**2006**	**2007**
Weighted average number of ordinary shares for basic earning/(loss) per share	37,500,000	37,500,000	56,928,082	53,571,426	89,505,495
Effect of dilutive potential ordinary shares – shares options	625,523	–	–	–	–
	38,125,523	37,500,000	56,928,082	53,571,426	89,505,495
Earnings/(loss) per share					
– basic	0.1 cents	(23) cents	(16) cents	(7.5) cents	(7.3) cents
– diluted	0.1 cents	N/A	N/A	N/A	N/A

Note: The Company implemented the Share Consolidation pursuant to which every ten (10) issued Shares be consolidated into one (1) consolidated share. The Share Consolidation became effective at 4:00 p.m. on Tuesday, 10 April 2007.

The weighted average number of ordinary shares were adjusted as if the share consolidation became effective on 1 January 2004 for comparison purpose.

13. BUSINESS AND GEOGRAPHICAL SEGMENTS

i) Business segment

The following table presents revenue, profit/(loss) information for the Group's business segments for the Relevant Periods.

The Group is principally engaged in the provision of IBS solution and maintenance. From 2007 onwards, the Group starts it sales of packaging material business

	Year ended 31 December			Nine months ended 30 September			
	2004	2005	2006	2006	2007	2007	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	IBS solutions and maintenance	IBS solutions and maintenance	IBS solutions and maintenance	IBS solutions and maintenance (unaudited)	IBS solutions and maintenance	Sale of packaging materials	Total
Revenue	26,079	19,428	4,511	3,857	1,242	6,434	7,676
Segment results	4,851	424	283	(344)	(117)	96	(21)
Unallocated corporate income	950	257	583	212	565	11	576
Unallocated corporate expenses	(5,516)	(9,270)	(9,872)	(3,844)	(6,850)	(201)	(7,051)
Finance cost	(167)	(155)	(39)	(36)	–	(12)	(12)
Profit/(loss) for the year/period before taxation	118	(8,744)	(9,045)	(4,012)	(6,402)	(106)	(6,508)

	As at 31 December				As at 30 September	
	2004	2005	2006	2007	2007	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	IBS solutions and maintenance	IBS solutions and maintenance	IBS solutions and maintenance	IBS solutions and maintenance	Sale of packaging materials	Total
Assets:						
Segment assets	30,234	23,990	9,733	5,084	18,545	23,629
Unallocated corporate assets	416	461	6,581	–	–	19,313
Total assets	30,650	24,451	16,314			42,942
Liabilties						
Segment liabilities	7,807	9,384	2,225	2,195	4,236	6,431
Unallocated corporate liabilities	128	1,328	492	–	–	1,450
Total liabilities	7,935	10,712	2,717			7,881

ii) **Geographical segments**

	Year ended 31 December			Nine months ended 30 September	
	2004	**2005**	**2006**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Revenue					
Hong Kong	26,079	19,428	4,511	3,857	1,242
Mainland China	–	–	–	–	6,434
	26,079	19,428	4,511	3,857	7,676

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements *HK$'000*	Computer *HK$'000*	Furniture and equipment *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
Cost					
At 1 January 2004	276	359	235	300	1,170
Additions	504	4	20	–	528
Disposals	(276)	–	–	–	(276)
At 31 December 2004 and 1 January 2005	504	363	255	300	1,422
Additions	178	100	63	–	341
At 31 December 2005 and 1 January 2006	682	463	318	300	1,763
Additions	–	13	–	–	13
At 31 December 2006 and 1 January 2007	682	476	318	300	1,776
Additions	–	30	48	146	224
At 30 September 2007	682	506	366	446	2,000
Accumulated depreciation					
At 1 January 2004	216	252	131	270	869
Charge for the year	101	70	34	30	235
Disposals	(216)	–	–	–	(216)
At 31 December 2004 and 1 January 2005	101	322	165	300	888
Charge for the year	104	48	35	–	187
At 31 December 2005 and 1 January 2006	205	370	200	300	1,075
Charge for the year	136	31	42	–	209
At 31 December 2006 and 1 January 2007	341	401	242	300	1,284
Charge for the period	103	23	22	13	161
At 30 September 2007	444	424	264	313	1,445
Net book value					
As at 30 September 2007	238	82	102	133	555
As at 31 December 2006	341	75	76	–	492
As at 31 December 2005	477	93	118	–	688
As at 31 December 2004	403	41	90	–	534

15. LAND USE RIGHT

Land use right for property, plant and equipment represents the Group's interest in land in the PRC which are held on leases of 50 years. The movements are as follows:

	HK$'000
Cost	
At 1/1/2004 and 1/1/2007	–
Additions	3,523
At 30/6/2007	3,523
Accumulated amortisation	
At 1/1/2004 and 1/1/2007	–
Charge for the period	52
At 30/6/2007	–
Net book value	
At 30/6/2007	3,471
At 31/12/2004 and 31/12/2006	–

16. CONSTRUCTION IN PROGRESS

	Total *HK$'000*
Cost	
At 1/1/2004 and 1/1/2007	–
Additions	239
At 30/6/2007	239
At 31/12/2004 and 31/12/2006	–

17. INTERESTS IN SUBSIDIARIES

	Company			
	As at 31 December			**As at 30 September**
	2004	**2005**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Unlisted shares, at cost	8,677	8,687	8,688	8,688
Amount due from subsidiaries	10,391	10,337	15,613	33,868
	19,608	19,024	24,301	42,556
Less: Impairment loss	–	(4,408)	(11,598)	(16,351)
	19,608	14,616	12,703	26,205

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

Details of the Company's major subsidiaries as at 30 September 2007 are as follows:

Name	Country/ place of incorporation/ establishment	Country/ place of operation	Principal activities	Issued and fully paid share capital	Interests held	
					Directly	*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	British Virgin Islands (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	Trading in packaging materials	RMB14,000,000	–	100%

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

18. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	As at 31 December			As at 30 September
	2004	**2005**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Unlisted: Non-current				
Available-for-sale financial assets, at cost	999	999	767	859
Effect of initial adoption of HKAS39	–	(111)	–	–
Change in fair value	–	(121)	92	4
Fair value	999	767	859	863
Unlisted: Current				
Available-for-sale financial assets, at cost	–	–	–	367
Change in fair value	–	–	–	(59)
Fair value	–	–	–	308

19. HELD-TO-MATURITY DEBT SECURITIES

	As at 31 December			As at 30 September
	2004	**2005**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Unlisted debt securities in Hong Kong, at fair value	49	49	49	–
The analysis of the above is as follows:				
Current	–	–	49	–
Non-current	49	49	–	–
	49	49	49	–

20. AMOUNT DUE FROM ULTIMATE HOLDING COMPANY

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

21. TRADE RECEIVALBLES

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:

	As at 31 December			As at 30 September
	2004	**2005**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within 3 months	8,892	7,081	52	4,823
Over 3 months but within 6 months	1,300	1,740	6	2,482
Over 6 months but within 1 year	5,822	1,261	432	–
Over 1 year	827	4,322	2,312	160
	16,841	14,404	2,802	7,465

22. PLEDGED TIME DEPOSITS

The amount represents deposits pledged to banks to secure banking facilities granted to the Company. Deposits amounting to approximately HK$1,011,000, HK$1,526,000, HK$2,376,000 and HK$ nil have been pledged to secure bank overdraft facilities and are therefore classified as current assets as at 31 December 2004, 2005 and 2006 and 30 September 2007, respectively.

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

23. CASH AND CASH EQUIVALENTS

	As at 31 December			As at 30 September
	2004	**2005**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Short term time deposits	131	132	136	138
Cash at bank and on hand	4,439	2,955	6,281	8,000
	4,570	3,087	6,417	8,138

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

	As at 31 December			As at 30 September
	2004	**2005**	**2006**	**2007**
	'000	*'000*	*'000*	*'000*
United States Dollars ("USD")	–	–	164	3
Renminbi ("RMB")	–	–	1,453	5,540

24. TRADE PAYABLES

The following is an aging analysis of trade payables:

	As at 31 December			As at 30 September
	2004	**2005**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within 3 months	1,687	1,483	42	2,377
Over 3 months but within 6 months	377	548	24	1,854
Over 6 months but within 1 year	441	134	16	–
Over 1 year	–	837	1,036	1,086
	2,505	3,002	1,118	5,317

25. SECURED BANK LOAN

	As at 31 December			As at 30 September
	2004	**2005**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Principal outstanding	3,333	833	–	–
Amount repayable within one year				
– Within one year	2,500	833	–	–
– After one year but within five years	833	–	–	–
	3,333	833	–	–

26. OBLIGATION UNDER FINANCE LEASE

	Minimum lease payments				Present value of minimum lease payments			
	As at 31 December			As at 30 September	As at 31 December			As at 30 September
	2004	2005	2006	2007	2004	2005	2006	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Amount payable under finance lease								
– Within one year	54	–	–	–	45	–	–	–
– After one year but within five years	–	–	–	–	–	–	–	–
	54	–	–	–	45	–	–	–
Less: future finance charges	9	–	–	–	–	–	–	–
Present value of lease obligation	45	–	–	–	45	–	–	–
Amount due for settlement within twelve months					45	–	–	–
Amount due for settlement after twelve months					–	–	–	–

The term of the lease is four years and the lease is on a fixed repayment basis.

27. AMOUNTS DUE TO A DIRECTOR/A RELATED COMPANY

The amounts due are unsecured, non-interest bearing and have no fixed terms of repayment.

28. SHARE CAPITAL

	2004		2005		2006		2007	
	No. of shares	*HK$'000*	*No. of shares*	*HK$'000*	*No. of shares*	*HK$'000*	*No. of shares*	*HK$'000*
Authorised:								
Ordinary shares of HK$0.01 each	10,000,000,000	100,000	10,000,000,000	100,000	10,000,000,000	100,000		
Ordinary shares of HK$0.1 each							1,000,000,000	100,000
Issued and fully paid:								
At beginning of year	375,000,000	3,750	375,000,000	3,750	375,000,000	3,750	67,500,000	6,750
Issue of one rights share for every two existing shares	–	–	–	–	187,500,000	1,875	33,750,000	3,375
Placing of new shares	–	–	–	–	112,500,000	1,125	20,250,000	2,025
At end of year	375,000,000	3,750	375,000,000	3,750	675,000,000	6,750	121,500,000	12,150

Note: The Company implemented the Share Consolidation pursuant to which every ten (10) issued Shares be consolidated into one (1) consolidated share. The Share Consolidation became effective at 4:00 p.m. on Tuesday, 10 April 2007.

29. RELATED PARTY TRANSACTIONS

During the Relevant Periods, the Company had the following significant transactions with its related parties:

a) Related party transactions included in the income statement

	Year ended 31 December			Nine months ended 30 September	
	2004	**2005**	**2006**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Reimbursement of office rental, utilities and certain administrative expenses from Wah Lam Building Materials Limited ("WLBM")	(224)	(106)	(44)	(44)	–
Office rentals, utilities and certain administrative expenses paid to WLBM	458	278	199	151	–

Mr. Tsang Hong Chung, Mr. Lam Yew Kai and Mr. Tsang Hon Ming, the directors of the Company, are the directors and beneficial shareholders of WLBM. Ms. Wong Mau Fa, the director of the Company, also has beneficial interest in WLBM.

b) Related party transactions included in the balance sheet

	As at 31 December			As at 30 September
	2004	**2005**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Amount due from Education Solutions Provider Limited	–	–	8	418
Amount due to WLBM	95	60	442	442

Mr. Tsang Hon Chung, the ex-director of the Company, is the director and beneficial shareholder of Education Service Provider Limited and WLBM.

c) Compensation of key management personnel of the Company

	Year ended 31 December			Nine months ended 30 September	
	2004	**2005**	**2006**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Short-term employee benefits	674	607	590	315	365
Post-employment benefits	12	14	22	11	18
	686	621	612	326	383

30. BANKING FACILITIES

As at Relevant Periods, the Group was granted banking facilities amounting to approximately HK$Nil, HK$5,000,000, HK$7,250,000, HK$9,333,000 respectivetly which were secured by the corporate guarantee provided by the Company and the time deposits of the Group (Note 22).

31. OPERATING LEASE COMMITMENTS – AS LESSEE

Total future minimum lease payments under non-cancellable operating lease with its lessee failing due as follows:

	As at 31 December			As at 30 September
	2004	**2005**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within one year	–	381	381	460
In second to fifth years, inclusive	–	647	266	–
	–	1,028	647	460

32. CAPITAL COMMITMENTS

The Group's capital commitment outstanding at the Relevant Periods and not provided for in the financial statements are as follows:

	As at 31 December			As at 30 September
	2004	**2005**	**2006**	**2007**
	HK$'000	*HK$'000*	*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.

33. ULTIMATE HOLDING COMPANY AND CONTROLLING PARTY

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.

34. POST BALANCE SHEET EVENTS

On 13 November 2007, the subsidiary of the Company, Innovis IB entered into the Disposal Agreement with Mr. Lam Ying Hung Andy, an independent third party to sell the entire 100% equity interests in its subsidiary, Innovis HK, which is principally engaged in the provision of IBS solutions installation services and sales of electronic equipment, at a consideration of HK$50,000.

On completion, Innovis HK will cease to be a subsidiary of the Company. The Disposal Agreement is conditional upon (i) the approval obtained from the Stock Exchange; and (ii) the approval of an ordinary resolution obtained from the shareholders of the Company in an extraordinary general meeting to be held on 2 January 2008.

The income statement, balance sheet, statement of changes in equity and cash flow statement are set out as follows:

(i) Income statement of Innovis HK

	Year ended 31 December			Nine months ended 30 September	
	2004	**2005**	**2006**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Revenue	26,079	19,428	4,511	3,857	1,242
Cost of sales	(21,228)	(19,004)	(4,228)	(4,199)	(1,359)
Gross profit/(loss)	4,851	424	283	(342)	(117)
Other income	931	217	199	176	107
Administrative expenses	(4,987)	(8,057)	(7,466)	(2,040)	(4,741)
Finance costs	(135)	(119)	(24)	(24)	(1)
Loss before income tax	660	(7,535)	(7,008)	(2,230)	(4,752)
Income tax	(98)	–	(182)	(4)	–
Profit/(loss) for the year/period	562	(7,535)	(7,190)	(2,234)	(4,752)

(ii) Balance sheet of Innovis HK

	As at 31 December			As at 30 September
	2004	2005	2006	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets				
Property, plant and equipment	534	390	255	164
Available-for-sale financial assets	999	767	859	863
Held-to-maturity debt securities	49	49	–	–
Retention money receivables	1,265	1,224	563	–
	2,847	2,430	1,677	1,027
Current assets				
Held-to-maturity debt securities	–	–	49	–
Amounts due from related companies	244	47	55	465
Amount due from ultimate holding company	4	–	–	–
Tax recoverable	359	264	60	6
Prepayments, deposits and other receivables	4,295	2,208	2,474	1,971
Trade receivables	16,841	14,404	2,802	161
Retention money receivables	322	137	33	–
Pledged time deposits	1,011	1,526	2,376	–
Cash and cash equivalents	4,311	2,974	208	1,454
	27,387	21,560	8,057	4,057
Current liabilities				
Bills payables, unsecured	339	4,873	–	–
Trade payables	2,856	3,002	1,118	1,085
Accruals and other payables	1,139	616	514	514
Secured bank loan	2,500	833	–	–
Obligation under finance lease	45	–	–	–
Amount due to a related company	95	60	442	442
Amount due to a director	–	–	152	154
Amount due to intermediate holding company	10,391	10,337	10,337	10,466
	17,365	19,721	12,563	12,661
Net current assets/(liabilities)	10,022	1,839	(4,506)	(8,604)
Total assets less current liabilities	12,869	4,269	(2,829)	(7,577)
Non-current liabilities				
Secured bank loan	833	–	–	–
NET ASSETS/(LIABILITIES)	12,036	4,269	(2,829)	(7,577)
Capital and reserves				
Share capital	327	327	327	327
Reserves	11,709	3,942	(3,156)	(7,904)
TOTAL EQUITY/(CAPITAL DEFICIENCY)	12,036	4,269	(2,829)	(7,577)

iii) Statement of changes in equity

	Share capital	Investment revaluation reserves	Retained profits/ (accumulated losses)	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
As at 1 January 2004	327	–	11,147	11,474
Profit for the year	–	–	562	562
At 31 December 2004 and 1 January 2005	327	–	11,709	12,036
Opening adjustment for the adoption of HKAS 39	–	(111)	–	(111)
Fair value loss on available-for–sale financial assets	–	(121)	–	(121)
Loss for the year	–	–	(7,535)	(7,535)
At 31 December 2005 and 1 January 2006	327	(232)	4,174	4,269
Fair value gain on available-for-sale financial assets	–	92	–	92
Loss for the year	–	–	(7,190)	(7,190)
At 31 December 2006 and 1 January 2007	327	(140)	(3,016)	(2,829)
Fair value gain on available-for–sale financial assets	–	4	–	4
Loss for the period	–	–	(4,752)	(4,752)
At 30 September 2007	327	(136)	(7,768)	(7,577)
For the period ended 30 September 2006 (unaudited)				
1 January 2006	327	(232)	4,174	4,269
Fair value gain on available-for-sale financial assets	–	46	–	46
Loss for the period	–	–	(2,234)	(2,234)
At 30 September 2006	327	(186)	1,940	2,081

iv) **Cash flow statement**

	Year ended 31 December			Nine months ended 30 September	
	2004	**2005**	**2006**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Cash flow from operating activities					
Profit/(loss) before income tax	660	(7,535)	(7,008)	(2,230)	(4,752)
Bank deposit pledged for banking facilities	1,289	(515)	(850)	(834)	2,376
Depreciation of property, plant and equipment	236	182	148	–	99
Interest expenses	135	119	24	24	1
Interest income	(23)	(17)	(86)	(63)	(18)
Loss on disposal of property, plant and equipment	60	–	–	–	–
Provision of impairment loss of					
– trade receivables	–	–	957	500	2,757
– retention money receivable	–	–	743	–	430
– other receivables	348	2,837	–	–	–
Impairment loss of					
– trade receivables	143	1,678	2,862	–	–
– retention money receivable	–	–	188	–	–
Operating profit/(loss) before changes in working capital	2,848	(3,251)	(3,022)	(2,603)	893
Decrease/(increase) in trade receivables	–	–	7,783	7,919	(117)
Increase/decrease in retention money receivables	–	–	(166)	–	166
(Increase)/decrease in prepayments, deposits and other receivables	(6,422)	235	(266)	(6)	503
Decrease in amount due from a fellow subsidiary	138	–	–	–	–
(Increase)/decrease in amounts due from related companies	(211)	197	(8)	–	(410)
(Increase)/decrease in amount due from ultimate holding company	(4)	4	–	–	–
Decrease in trade payables	–	–	(1,883)	(1,906)	(33)
Increase/(decrease) in accruals and other payables	800	(377)	(102)	(139)	–
Increase/(decrease) in amount due to a related company	95	(35)	382	173	–
Increase in amount due to a director	–	–	151	167	3
Cash (outflow)/inflow from operations	(2,756)	(3,227)	2,869	3,605	1,005
Income taxes (paid)/refunded	(476)	95	22	264	54
Interest received	23	17	86	63	18
Interest paid	(135)	(119)	(24)	(24)	(1)
Net cash (used in)/generated from operating activities	(3,344)	(3,234)	2,953	3,908	1,076
Cash flows from investing activities					
Payments for investment in guaranteed funds	(999)	–	–	–	–
Payment of investment in held-to-maturity debt securities	(50)	–	–	–	–
Sale proceeds from investment in held-to-maturity debt securities	–	–	–	–	49
Purchase of property, plant and equipment	(528)	(38)	(13)	–	(8)
Net cash (outflow)/inflow from investing activities	(1,577)	(38)	(13)	–	41

	Year ended 31 December			Nine months ended 30 September	
	2004	2005	2006	2006	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Cash flows from financing activities					
Increase in secured bank loan	5,000	–	–	–	–
Increase/(decrease) in bill payables	185	4,534	(4,873)	(4,873)	–
Principal repayment of obligation under finance lease	(73)	(45)	–	–	–
Repayment of bank borrowings	(1,667)	(2,500)	(833)	(833)	–
Decrease in amount due to intermediate holding company	(965)	(54)	–	–	129
Net cash inflow/(outflow) from financing activities	2,480	1,935	(5,706)	(5,706)	129
(Decrease)/increase in cash and cash equivalents	(2,441)	(1,337)	(2,766)	(1,798)	1,246
Cash and cash equivalents at beginning of year/period	6,752	4,311	2,974	2,974	208
Cash and cash equivalents at end of year/period	4,311	2,974	208	1,176	1,454

C. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group in respect of any period subsequent to 30 September 2007.

Yours faithfully,
CCIF CPA Limited
Certified Public Accountants
Hong Kong

Kwok Cheuk Yuen
Practising Certificate Number P02412

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

Consolidated Income statement

	Year ended 31 December			Nine months ended 30 September
	2004	2005	2006	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	26,079	19,428	4,511	7,676
Cost of sales	(21,228)	(19,004)	(4,228)	(7,697)
Gross profit/(loss)	4,851	424	283	(21)
Other income	950	257	583	576
Administrative expenses	(5,516)	(9,270)	(9,872)	(7,051)
Finance costs	(167)	(155)	(39)	(12)
Profit/(loss) before income tax	118	(8,744)	(9,045)	(6,508)
Income tax	(98)	–	(181)	–
Profit/(loss) for the year/period	20	(8,744)	(9,226)	(6,508)
Profit/(loss) attributable to equity holders	20	(8,744)	(9,226)	(6,508)
Dividends	–	–	–	–
Earnings/(loss) per share				
– Basic	0.1 cents	(23) cents	(16) cents	(7.3) cents
– Diluted	0.1 cents	N/A	N/A	N/A

Assets and liabilities

	31 December			As at 30 September
	2004	2005	2006	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Total assets	30,650	24,451	16,314	42,942
Total liabilities	(7,935)	(10,712)	(2,717)	(7,881)
Net assets and shareholders' equities	22,715	13,739	13,597	35,061

2. UNAUDITED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2007

Set out below is the extract from the published unaudited interim financial information of the Group for the three months and six months ended 30 June 2007.

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30 June		Three months ended 30 June	
		2007	2006	2007	2006
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Turnover	*2*	3,193	3,148	2,648	720
Cost of sales		3,090	(3,343)	2,512	(1,827)
Gross profit/(loss)		103	(195)	136	(1,107)
Other income		324	56	268	27
Administrative and other operating expenses		(4,422)	(2,333)	(2,645)	(1,192)
Operating loss		(3,995)	(2,472)	(2,241)	(2,272)
Finance costs		(22)	(36)	(8)	(3)
Loss before taxation	*4*	(4,017)	(2,508)	(2,249)	(2,275)
Taxation	*5*	–	(3)	–	(3)
Loss attributable to shareholders		(4,017)	(2,511)	(2,249)	(2,278)
Dividends	*6*	–	–	–	–
Loss per share – Basic	*7*	(5.12) cent	(4.80) cent	(2.86) cent	(4.30) cent

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	As at 30 June 2007 HK$'000 (Unaudited)	As at 31 December 2006 HK$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	8	652	492
Available-for-sale financial assets		859	859
Retention money receivable		363	563
		1,874	1,914
Current assets			
Hold-to-maturity debt securities		49	49
Available-for-sale financial assets		544	–
Tax recoverable		47	60
Prepayment, deposits and other receivables		9,213	2,663
Trade receivables	9	3,414	2,802
Retention money receivable		33	33
Pledged time deposits		–	2,376
Cash and bank equivalents		8,985	6,417
		22,285	14,400
LIABILITIES			
Current liabilities			
Trade payables	10	3,379	1,118
Other payables and accruals		941	1,005
Amount due to a director	11	152	152
Amount due to a related company	11	442	442
		4,914	2,717
Net current assets		17,371	11,683
NET ASSETS		19,245	13,597
CAPITAL AND RESERVES			
Issued capital	12	10,125	6,750
Reserves		9,120	6,847
		19,245	13,597

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Six months ended 30 June	
	2007	**2006**
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Net cash (outflow)/inflow from operating activities	(6,802)	2,213
Net cash outflow from investing activities	(199)	–
Net cash inflow/(outflow) from financing activities	9,569	(2,021)
Increase in cash and cash equivalents	2,568	192
Cash and cash equivalents at the beginning of the period	6,417	3,087
Cash and cash equivalents at the end of the period	8,985	3,279
Analysis of the balances of cash and cash equivalents		
Time deposits	–	2,236
Cash and bank balances	8,985	1,043
	8,985	3,279

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 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	–	(556)	–	–	–	–	(556)
Exchange differences arising on translation of a foreign operation	–	–	–	96	–	–	96
Loss for the period	–	–	–	–	–	(4,017)	(4,017)
	10,125	20,858	117	96	(140)	(11,811)	19,245

Notes:

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements for the period ended 30 June 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 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 interim 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 June 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:–

	Six months ended 30 June		**Three months ended 30 June**	
	2007	**2006**	**2007**	**2006**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
IBS solutions and maintenance	906	3,148	569	720
Sales of packaging materials	2,287	–	2,079	–
	3,193	3,148	2,648	720

3. SEGMENT INFORMATION

(i) Business segments

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

	IBS solutions and maintenance *HK$'000*	Sales of packaging materials *HK$'000*	Total *HK$'000*
TURNOVER	906	2,287	3,193
RESULTS			
Segment results	(4,253)	(66)	(4,319)
Unallocated corporate income			324
Loss from operations			(3,995)
Finance costs			(22)
Loss before taxation			(4,017)
Taxation			–
Loss for the period attributable to equity holders of the Company			(4,017)

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

	IBS solutions and maintenance *HK$'000*	Sales of packaging materials *HK$'000*	Total *HK$'000*
TURNOVER	3,148	–	3,148
RESULTS			
Segment results	(2,528)	–	(2,528)
Unallocated corporate income			56
Loss from operations			(2,472)
Finance costs			(36)
Loss before taxation			(2,508)
Taxation			(3)
Loss for the period attributable to equity holders of the Company			(2,511)

(ii) Geographical segments

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

	Hong Kong		Mainland China		Total	
	For the six months ended 30 June					
	2007	**2006**	**2007**	**2006**	**2007**	**2006**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
TURNOVER	906	3,148	2,287	–	3,193	3,148

4. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:–

	Six months ended 30 June		Three months ended 30 June	
	2007	**2006**	**2007**	**2006**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Auditors' remuneration	100	90	100	90
Cost of materials used	252	1,909	152	712
Depreciation	39	30	39	30
Staff costs	1,110	1,198	420	557
Research and development costs	307	–	96	–
Interest expenses on borrowings	1	36	–	3
Impairment loss of trade and retention money receivables	1,614	–	1,374	–

5. 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).

6. DIVIDENDS

For the six months ended 30 June 2007, the Board does not recommend the payment of an interim dividend (2006: Nil).

7. LOSS PER SHARE

Loss per share are calculated based on the following figures:–

	Six months ended 30 June		Three months ended 30 June	
	2007	**2006**	**2007**	**2006**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
The Group's consolidated loss attributable to shareholders	(4,017)	(2,511)	(2,249)	(2,278)
Weighted average number of shares – Basic	78,501,381	52,209,945	78,501,381	52,209,945
(Loss)/Earnings per share – Basic	(5.12) cent	(4.80) cent	(2.86) cent	(4.30) cent

8. PROPERTY, PLANT AND EQUIPMENTS

	Leasehold improvements	**Computers**	**Furniture & equipment**	**Motor vehicles**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cost:					
At 1 January 2007	682	476	318	300	1,776
Additions	–	22	177	–	199
At 30 June 2007	682	498	495	300	1,975
Aggregate depreciation:					
At 1 January 2007	341	401	242	300	1,284
Charge for the period	18	8	13	–	39
At 30 June 2007	359	409	255	300	1,323
Net book value:					
At 30 June 2007 (Unaudited)	323	89	240	–	652
At 31 December 2006 (Audited)	341	75	76	–	492

9. TRADE RECEIVABLES

The Group allows its customers credit period of 60 days depending on their credit worthless. The following is an aging analysis of trade receivables:

	As at 30 June 2007 *HK$'000* (Unaudited)	As at 31 December 2006 *HK$'000* (Audited)
Within 3 months	2,458	52
Over 3 months but within 6 months	–	6
Over 6 months but within 1 year	–	432
Over 1 year	956	2,312
	3,414	2,802

10. TRADE PAYABLES

Details of the aging analysis of trade payables are as follows:–

	As at 30 June 2007 *HK$'000* (Unaudited)	As at 31 December 2006 *HK$'000* (Audited)
Within 3 months	2,329	42
Over 3 months but within 6 months	–	24
Over 6 months but within 1 year	–	16
Over 1 year	1,050	1,036
	3,379	1,118

11. AMOUNT DUE TO A DIRECTOR/A RELATED COMPANY

The amounts are interest-free, unsecured and repayable on demand.

12. SHARE CAPITAL

	HK$'000
Authorised:	
As at 31 December 2006	
– 10,000,000,000 ordinary shares of HK$0.01 each (Audited)	100,000
As at 30 June 2007	
– 1,000,000,000 ordinary shares of HK$0.1 each (Unaudited)	100,000
Issued and fully paid:	
As at 31 December 2006	
– 675,000,000 ordinary shares of HK$0.01 each (Audited)	6,750
As at 30 June 2007	
– 101,250,000 ordinary shares of HK$0.1 each (Unaudited)	10,125

The Company implemented the Share Consolidation pursuant to which every ten (10) issued Shares be consolidated into one (1) consolidated share. The Share Consolidation became effective at 4:00 p.m. on Tuesday, 10 April 2007.

3. INDEBTEDNESS

As at the close of business on 31 October 2007 being the latest practicable date for the purpose of the indebtedness statement prior to the issue of this circular, the Resulting Group had outstanding borrowings of approximately RMB40 million, comprising bank borrowings of approximately RMB15 million which are secured, bearing interest at 5.31% to 7.65% per annum and other borrowings of approximately RMB25 million which are secured, bearing interest at 4.875% to 5.749% per annum.

Save as aforesaid and apart from intra-group liabilities, no member of the Resulting Group had, at the close of business on 31 October 2007, any outstanding mortgages, charges, loan capital, bank loans and overdrafts, debt securities or other similar indebtedness, finance leases or hire purchase commitments, under liabilities acceptance or acceptance credit, or any guarantees, or other material contingent liabilities.

The Directors have confirmed that there has been no material change in the indebtedness or contingent indebtedness of the Group since 31 October 2007.

4. WORKING CAPITAL

The Directors have taken into account the presently available banking facilities and in the absence of unforeseen circumstances, the Directors are of the opinion that the Resulting Group will have sufficient working capital to meet its present requirements for the next twelve months from the date of this circular assuming the Company will issue the 120,689,655 Wisdom Sun Consideration Shares at the price of HK$1.11 at an aggregate value of HK$133,965,517 upon the date of completion of the Wisdom Sun Acquisition Agreement.

5. MATERIAL ADVERSE CHANGE

Save as disclosed in this circular, as at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading positions of the Group since 30 September 2007, the date to which the latest audited financial statements of the Group were made up.

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

17 December 2007

The Directors
Sino Haijing Holdings Limited

Dear Sirs,

We set out below our report regarding the financial information of Dragon Vault International Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Dragon Vault Group"), including the combined balance sheets of Dragon Vault Group as at 30 June 2007, and the combined income statements, combined cash flow statements, combined statements of changes in equity and the notes thereto of the Dragon Vault Group for the two months ended 30 June 2007 (the "Relevant Period") (hereinafter collectively the "Financial Information") prepared for inclusion in the circular dated 17 December 2007 (the "Circular") issued by Sino Haijing Holdings Limited ("Sino Haijing") in connection with the proposed acquisition of the entire equity interests in the Company (the "Dragon Vault Acquisition").

The Company was incorporated in the British Virgin Islands ("BVI") on 12 May 2006 as a limited liability company with an authorised share capital of US$100 divided into 100 ordinary shares of US$1 each. Pursuant to a group reorganisation (the "Reorganisation") as fully explained in note 1 of section B below, the Company has not carried out any other business since its date of incorporation.

As at the date of this report, the Company has the following subsidiaries:

Company	Form of business structure	Place and date of establishment	Issued and fully paid up share capital/ registered capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
Yearfull International Investment Limited ("Yearfull International")	Corporate	Hong Kong 2 October 2007 as a limited liability company	HK$1	100%	–	Investment holding
合肥美菱榮豐包裝制品有限公司 Hefei Meiling Rongfeng Packing Materials Company Limited ("Meiling Rongfeng")#	Corporate	The People's Republic of China (the "PRC") 17 May 2007 as a limited liability company for a term of 20 years	Registered capital Renminbi ("RMB") 30,000,000 Issued and fully paid up RMB3,936,005	–	65%	Inactive

The unofficial English translation is for identification purposes only.

No audited financial statements have been prepared for the Company as it is incorporated in the BVI and its financial statements are not subject to any audit requirement.

No audited financial statements have been prepared for Meiling Rongfeng as the company was newly incorporated on 17 May 2007.

For the purpose of this report, the directors of the Company have prepared the combined financial statements of the Dragon Vault Group for the Relevant Period (the "Underlying Financial Statements") in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and accounting principles generally accepted in Hong Kong. We have, for the purpose of this report, audited the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Financial Information prepared in accordance with HKFRSs issued by the HKICPA and the notes thereto for the Relevant Period set out in this report have been prepared by the directors of the Company based on the Underlying Financial Statements.

The preparation of the Underlying Financial Statements and the Financial Information which give a true and fair view is the responsibility of the directors of the Company. The directors of the Company are responsible for the contents of the Circular in which this report is included. In preparing the Underlying Financial Statements and the Financial Information which give a true and fair view, it is fundamental that appropriate accounting policies are selected and applied consistently. It is our responsibility to form an independent opinion, based on our examination, on the Financial Information and to report our opinion to you. We believe that our work provides a reasonable basis for our opinion.

For the purpose of this report, we have examined the Financial Information of Dragon Vault Group for the Relevant Period and have carried out such additional procedures as we considered necessary in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

In our opinion, the Financial Information gives, for the purpose of this report, a true and fair view of the state of affairs of the Dragon Vault Group as at 30 June 2007 and of the combined results and cash flows of the Dragon Vault Group for the Relevant Period.

A. FINANCIAL INFORMATION

Combined Income Statements

	Note	17 May 2007 to 30 June 2007 RMB'000
Revenue		–
Cost of sales		–
Gross profit		–
Administrative expenses		(109)
Loss before income tax	6	(109)
Income tax		–
Loss for the period		(109)
Attributable to:		
Equity holders of the Company		(71)
Minority interests		(38)
		(109)

Combined Balance Sheets

	Note	As at 30 June 2007 RMB'000
Non-current assets		
Property, plant and equipment	7	12
Land use right	8	3,687
Construction in progress	9	373
		4,072
Current assets		
Cash and cash equivalents		122
Current liabilities		
Amount due to a related company	10	367
Net current liabilities		(245)
NET ASSETS		3,827
Capital and reserves		
Paid-in capital	12	3,936
Reserves		(71)
Total equity attributable to equity holders of the Company		3,865
Minority interests		(38)
TOTAL EQUITY		3,827

Combined Statements of Changes in Equity

	Paid-in capital RMB'000 (Note a)	Accumulated loss RMB'000	Total equity attributable to equity holders of the Company RMB'000	Minority interests RMB'000 (Note b)	Total RMB'000
Capital injection to a subsidiary upon incorporation	3,936	–	3,936	–	3,936
Loss for the period	–	(71)	(71)	(38)	(109)
At 30 June 2007	3,936	(71)	3,865	(38)	3,827

Note a: The capital injected to the Dragon Vault Group as at 30 June 2007 was RMB3,936,000 by the majority shareholder.

Note b: The negative minority interests existed due to the minority shareholder has a binding obligation to inject capital to the Company *(Note 14)*.

Combined cash flow statements

	17 May 2007 to 30 June 2007 *RMB'000*
Cash flow from operating activities	
Loss before income tax	(109)
Adjustments for:	
Amortisation of land use right	6
Operating loss before changes in working capital	(103)
Increase in amount due to a related company	367
Net cash generated from operating activities	264
Cash flows from investing activities	
Purchase of property, plant and equipment and prepayment for land use right	(3,705)
Payment of construction in progress	(373)
Net cash outflow from investing activities	(4,078)
Cash flows from financing activities	
Capital injection to a subsidiary upon incorporation	3,936
Net cash inflow from financing activities	3,936
Increase in cash and cash equivalents	122
Cash and cash equivalents at beginning of period	–
Cash and cash equivalents at end of period	122

B. NOTES TO THE FINANCIAL INFORMATION

1. GROUP STRUCTURE, REORGANISATION AND PRINCIPAL ACTIVITIES

a) The Company was incorporated in the British Virgins Islands with limited liability on 12 May 2006 with an authorised share capital of US$100 divided into 100 ordinary shares of US$1 each. The address of its registered office is P.O. Box 957, Offshore Incorporation Centre, Road Town, Tortola, British Virgins Islands.

The Company has not yet been operated other than being an investment holding.

b) The formation of the Dragon Vault Group is attributable to the following major events which are part of the Reorganisation:

i) On 18 October 2007, the Company entered into an instrument of transfer with Company Kit Secretarial Services Limited to acquire 100% interests in Yearfull International.

ii) On 30 October 2007, Yearfull International entered into a share transfer agreements with Glory Full International Limited to acquire 65% interests in Meiling Rongfeng.

The Company, Yearfull International and Meiling Rongfeng were ultimately controlled by Mr. Chao before and after the formation of the Dragon Vault Group. Consequently, immediately after the Reorganisation, there was a continuation of the risks and benefits to the ultimate Sole shareholder that existed prior to the Reorganisation. The Financial Information is thereby prepared using the principles of merger accounting as set out in Accounting Guideline 5 "Merger Accounting under Common Control Combinations" issued by the HKICPA. As further explained in note 3(b) below, the Financial Information presents the combined results, statements of changes in equity, cash flow statements and the financial positions of the companies now comprising the Dragon Vault Group as if the current Dragon Vault Group structure had been in existence throughout the Relevant Period.

As at 30 June 2007, the Reorganisation was not yet completed. The share capital of Dragon Vault Group as at 30 June 2007 represents the combined capital of all the subsidiaries of the Dragon Vault Group at the Relevant Period.

2. PRINCIPAL ACCOUNTING POLICIES

The Financial Information has been prepared under the historical cost convention as modified for the revaluation of certain financial assets and liabilities at fair value. The preparation of the Financial Information in conformity with HKFRSs requires management of the Company to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The principal accounting policies adopted are as follows:

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

The Reorganisation involved companies under common control and the Company and its subsidiaries resulting from the Reorganisation are regarded as a continuing group. Accordingly, this Financial Information has been prepared as if the Company had been the holding company of the Dragon Vault Group from the beginning of the earliest period presented. The Financial Information presents the combined results, cash flow and financial position of the Dragon Vault Group as if the Company had been in existence throughout the Relevant Period and the current structure had been in place as of the earliest period presented, or since the effective dates of incorporation of the companies where they were not existed at those dates.

The Financial Information set out in this report has been prepared in accordance with the principal accounting policies set out below. These accounting policies are in accordance with all applicable HKFRSs (which includes all applicable Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the HKICPA, accounting principles generally accepted in Hong Kong and the applicable disclosure requirements of the Hong Kong Companies Ordinance.

The Financial Information also complies with the disclosure requirements of the Listing Rules of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") as applicable to the Accountants' Report included in Listing Documents.

The HKICPA has issued the following standards and interpretations that are not yet effective. The Dragon Vault Group has considered the following standards and interpretations but does not expect they will have a material effect on how the results of operations and financial position of the Dragon Vault Group are prepared and presented.

HKAS 23 (Revised)	Borrowing Costs[4]
HKFRS 8	Operating Segments[4]
HK(IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions[1]
HK(IFRIC) – Int 12	Service Concession Arrangements[2]
HK(IFRIC) – Int 13	Customer Loyalty Programmes[3]
HK(IFRIC) – Int 14	HKAS 19 – The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[2]

1 Effective for annual periods beginning on or after 1 March 2007
2 Effective for annual periods beginning on or after 1 January 2008
3 Effective for annual periods beginning on or after 1 July 2008
4 Effective for annual periods beginning on or after 1 January 2009

b) Business combinations under common control

Business combinations under common control are accounted for in accordance with the merger accounting. In applying merger accounting, the combined financial information incorporates the financial statement items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or business first came under the control of controlling party.

The net assets of the combining entities or businesses are combined using the existing book values prior to the common control combinations from the controlling parties' perspective. No account is recognised in respect of goodwill or excess acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The combined income statements includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of common control combination.

The comparative amounts in the combined financial information are presented as if the entities or business had been combined at the previous balance sheet date or when they first came under common control, whichever is shorter.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of an impairment of the asset transferred.

c) Subsidiaries

A subsidiary is a company controlled by the Company. A subsidiary is 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.

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.

d) Property, plant and equipment

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

Major costs incurred in restoring property, plant and equipment to their normal working condition are charged to the combined income statements. Improvements are capitalised and depreciated over their expected useful lives.

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 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 combined income statements.

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 rate used is 20%.

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) Land use right

Land use right is up-front payments to acquire long-term interests in leasehold properties, which is stated at cost and is amortised on a straight-line basis over the lease period to the combined income statements.

f) Construction in progress

Construction in progress is stated at cost less accumulated impairment losses. Cost comprises all direct and indirect cost of construction. Construction in progress is transferred to property, plant and equipment and depreciation commences when construction is completed and the asset is put into use.

g) Impairment of assets

i) Impairment of receivables

All current and non-current receivables that are stated at cost or amortised cost 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 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.

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.

– property, plant and equipment; and

– investments in subsidiaries (except for those classified as held for sale or included in a disposal group that is classified as held for sale).

If any such indication exists, the asset's recoverable amount is estimated.

– 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 bases, 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 combined income statements in the year in which the reversals are recognised.

h) Related parties

For the purposes of these financial statements, parties are considered to be related to the Dragon Vault Group if the Dragon Vault 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 Dragon Vault 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 Dragon Vault Group where those parties are individuals, and post-employment benefit plans which are for the benefit or employees of the Dragon Vault Group or of any entity that is a related party of the Dragon Vault 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 3(g)), 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 3(g)).

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 comprise cash at bank and on hand, and 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 and which are subject to an insignificant risk of changes in value. 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 Dragon Vault 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) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and that are subject to risks and returns that are different from those of segments operating in other economic environments.

n) 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.

o) 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 combined financial statements are presented in RMB, 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 combined income statements, 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 Dragon Vault 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 combined 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.

p) Employee benefits

i) 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 employee of the Dragon Vault Group. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

ii) The Dragon Vault Group contributes on a monthly basis to defined contribution retirement benefit plan organized by relevant municipal government in the PRC The municipal government undertakes to assume the retirement benefit obligations of all existing and future retired employees payable under the plan. Contribution to the plan is expensed as incurred. The assets of the plan are held separately from those of the Dragon Vault Group in independently administered funds managed by the PRC Government.

4. FINANCIAL RISK MANAGEMENT

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

i) Capital risk management

The Dragon Vault Group manages its capital to ensure that Dragon Vault Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of Dragon Vault Group consists of debt, which mainly includes amount due to a related company disclosed in note 10, cash and cash equivalents and equity attributable to equity holders of Dragon Vault Group, comprising registered capital and retained losses.

The directors of Dragon Vault Group review the capital structure on a regular basis. As a part of this review, the directors of Dragon Vault Group consider the cost of capital and the risks associated with each class of capital. Dragon Vault Group will balance its overall capital structure through the payment of dividends as well as obtaining finance from banks or related parties.

There are no changes on Dragon Vault Group's approach to capital management during the period, and Dragon Vault Group is not subject to externally imposed capital requirements.

ii) Liquidity risk

Individual operating entities within the Dragon Vault 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. The Dragon Vault 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.

iii) Fair value

All financial instruments are carried at amounts not materially different from their fair values as at 30 June 2007.

5. 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 Dragon Vault 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 Dragon Vault 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. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. 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) Estimated provision for impairment of trade and other receivables

The Dragon Vault 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.

6. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging the following:

	17 May 2007 to 30 June 2007 *RMB'000*
Preliminary expenses	40
Staff costs	
– Salaries and allowances	37

7. PROPERTY, PLANT AND EQUIPMENT

	Furniture and equipment *RMB'000*
Cost	
Additions and at 30/6/2007	12
Accumulated depreciation	
Charge for the period and at 30/6/2007	–
Net book value	
At 30/6/2007	12

8. LAND USE RIGHT

Land use right for property, plant and equipment represents the Dragon Vault Group's interest in land in the PRC which are held on leases of 50 years. The movements are as follows:

	RMB'000
Cost	
Additions and at 30/6/2007	3,693
Accumulated amortisation	
Charge for the period and at 30/6/2007	6
Net book value	
At 30/6/2007	3,687

9. CONSTRUCTION IN PROGRESS

	RMB'000
Cost	
Additions and at 30/6/2007	373

10. AMOUNT DUE TO A RELATED COMPANY

The amount due is unsecured, interest-free and has no fixed terms of repayment. The carrying amount of the balance approximated to its fair value at the balance sheet date.

11. SEGMENT INFORMATION

The Dragon Vault Group's principal activities are manufacturing and distributing EPS products as a single business segment. All of the Dragon Vault Group's assets, liabilities and capital expenditure are located or utilised in the PRC. Accordingly, no segment information is presented.

12. PAID-IN CAPITAL

For the purpose of this report, the capital in the combined balance sheets as at 30 June 2007 represents the combined capital of all the subsidiaries of the Dragon Vault Group as at the balance sheet date.

13. ULTIMATE CONTROLLING PARTY

The directors regard Mr. Chao Pang Fei through his direct shareholding in the Company, as being the ultimate controlling party.

14. SUBSEQUENT EVENT

Subsequent to the balance sheet date on 5 July 2007 and 22 October 2007, the paid-up capital of the Company was increased from RMB3,936,005 to RMB5,136,005 by additional capital injection of RMB500,000 and RMB700,000 respectively from Hefei Meiling Group Holding Limited, the minority shareholder of the Company to finance the daily operation of the Company.

Other than capital injection by the minority shareholder of the Company and Dragon Vault Group Reorganisation, no significant event for the Dragon Vault Group took place subsequent to 30 June 2007.

C. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of its subsidiaries in respect of any period subsequent to 30 June 2007.

Yours faithfully,

CCIF CPA Limited
Certified Public Accountants
Hong Kong

Kwok Cheuk Yuen
Practising Certificate Number P02412

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

17 December 2007

The Directors
Sino Haijing Holdings Limited

Dear Sirs,

We set out below our report on the financial information relating to Wisdom Sun International Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Wisdom Sun Group"), including the combined balance sheets of Wisdom Sun Group as at 31 December 2004, 2005 and 2006 and 30 June 2007, and the combined income statements, the combined cash flow statements, the combined statements of changes in equity and the notes thereto of the Wisdom Sun Group for the years ended 31 December 2004, 2005, 2006 and for the six months ended 30 June 2007 (the "Relevant Periods") (hereinafter collectively the "Financial Information") prepared for inclusion in the circular dated 17 December 2007 (the "Circular") issued by Sino Haijing Holdings Limited ("Sino Haijing") in connection with the proposed acquisition of the entire equity interests in the Company (the "Wisdom Sun Acquisition").

The Company was incorporated in the British Virgin Islands (the "BVI") with limited liability on 1 August 2007 with an authorised share capital of US$100 divided into 100 ordinary shares of US$1 each. Pursuant to a group reorganisation (the "Reorganisation") as fully explained in note 1 of Section B below, the Company became the holding company of subsidiaries set out below.

As at the date of this report, the Company has the following subsidiaries:

Company	Form of business structure	Date and place of establishment	Issued and fully paid up share capital/ registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Wise Star Group Holdings Limited ("Wise Star")	Corporate	Hong Kong 28 September 2007 as a limited liability company	HK$1	100%	–	Investment holding
Honor Glory International Investment Limited ("Honor Glory")	Corporate	Hong Kong 2 October 2007 as a limited liability company	HK$1	100%	–	Investment holding

Company	Form of business structure	Date and place of establishment	Issued and fully paid up share capital/ registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
青島海景包裝制品有限公司 Qingdao Haijing Packing Materials Company Limited ("Qingdao Haijing") #	Corporate	The People's Republic of China (the "PRC") 13 June 2000 as a limited liability company for a term of 12 years	Renminbi ("RMB") 20,000,000	–	100%	Manufacturing of expandable polystyrene packaging products
青島新海景包裝制品有限公司 Qingdao Xin Haijing Packing Materials Company Limited ("Qingdao Xin Haijing") #	Corporate	The PRC 13 August 2001 as a limited liability company for a term of 12 years	RMB10,000,000	–	100%	Manufacturing of expandable polystyrene packaging products
合肥海景包裝制品有限公司 Hefei Haijing Packing Materials Company Limited ("Hefei Haijing") #	Corporate	The PRC 3 January 2001 as a limited liability company for a term of 20 years	RMB15,000,000	–	100%	Manufacturing of expandable polystyrene packaging products
青島海景模具制品有限公司 Qingdao Haijing Mould Products Company Limited ("Qingdao Mould Products") #	Corporate	The PRC 27 October 2003 as a limited liability company for a term of 12 years	RMB1,000,000	–	100%	Manufacturing of moulds products
青島海景紙制品有限公司 Qingdao Haijing Paper Products Company Limited ("Qingdao Paper Products") #	Corporate	The PRC 8 October 2006 as a limited liability company for a term of 12 years	RMB1,500,000	–	100%	Manufacturing of paper honeycomb packaging materials

Company	Form of business structure	Date and place of establishment	Issued and fully paid up share capital/ registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
大連海景包裝製品有限公司 Dalian Haijing Packing Materials Company Limited ("Dalian Haijing") #	Corporate	The PRC 23 August 2007 as a limited liability company	RMB1,000,000	–	100%	Inactive
海景包裝設計開發(惠州)有限公司 Haijing Packing Research & Development (Hui Zhou) Company Limited ("Huizhou Haijing") #	Corporate	The PRC 9 July 2007 as a limited liability company	RMB1,000,000	–	100%	Inactive

The unofficial English translation is for identification purposes only

No audited financial statements have been prepared for the Company as it is incorporated in the BVI and its financial statements are not subject to any statutory audit requirement.

The financial statements of Qingdao Haijing for the years ended 31 December 2004, 2005 and 2006 were prepared in accordance with the relevant accounting rules and regulations applicable to enterprises in the People's Republic of China (the "PRC") and were audited by Shandong New Yongxin Certified Public Accountants Co., Ltd., Zhenging Certified Public Accountants and Qingdao Qincheng C.P.A. Co., Ltd., respectively. Up to the date of this report no audited financial statements of the period ended 30 June 2007 have been prepared.

The financial statements of Qingdao Xin Haijing for the year ended 31 December 2004 and for the years ended 31 December 2005 and 2006 were prepared in accordance with the relevant accounting rules and regulations applicable to enterprises in the PRC and were audited by Qingdao Zhenging Certified Public Accountants Co., Ltd. and Qingdao Haiyuan Certified Public Accountants, respectively. Up to the date of this report no audited financial statements of the period ended 30 June 2007 have been prepared.

The financial statements of Hefei Haijing for the years ended 31 December 2004 and for the years ended 31 December 2005 and 2006 were prepared in accordance with the relevant accounting rules and regulations applicable to enterprises in the PRC and were audited by Shandong Desheng Certified Public Accountants and Anhui Dacheung C.P.A. Ltd respectively. Up to the date of this report, no audited financial statements of Hefei Haijing for the period ended 30 June 2007 have been prepared.

The financial statements of Qingdao Mould Products for the years ended 31 December 2004, 2005 and 2006 were prepared in accordance with the relevant accounting rules and regulations applicable to enterprises in the PRC and were audited by New Yongxin Certified Public Accountants, Zhenging Certified Public Accountants and Qingdao Qincheng C.P.A. Co., Ltd., respectively. Up to the date of this report, no audited financial statements of Qingdao Mould Products for the period ended 30 June 2007 have been prepared.

The financial statements of Qingdao Paper Products for the year ended 31 December 2006 were prepared in accordance with the relevant accounting rules and regulations applicable to enterprises in the PRC and were audited by Qingdao Qindao C.P.A. Co., Ltd.. Up to the date of this report, no audited financial statements of Qingdao Paper Products for the period ended 30 June 2007 have been prepared.

No audited financial statements have been prepared for Wise Star, Honor Glory, Dalian Haijing and Huizhou Haijing as the companies were newly incorporated in 2007 and had not engaged in any activities up to the period ended 30 June 2007.

For the purpose of this report, the directors of the Company have prepared the combined financial statements of the Wisdom Sun Group for the Relevant Periods (the "Underlying Financial Statements") in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") issued by Hong Kong Institute of Certified Public Accountants (the "HKICPA") and accounting principles generating accepted in Hong Kong. We have, for the purpose of this report, audited the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The preparation of the Underlying Financial Statements and the Financial Information which give a true and fair view is the responsibility of the directors of the Company. The directors of the Company are responsible for the contents of the Circular in which this report is included. In preparing the Underlying Financial Statements and the Financial Information which give a true and fair view, it is fundamental that appropriate accounting policies are selected and applied consistently. It is our responsibility to form an independent opinion and a review opinion, based on our examination, on the Financial Information and to report our opinion to you. We believe that our work provides a reasonable basis for our opinion.

For the purpose of this report, we have examined the Financial Information of Wisdom Sun Group for the Relevant Periods and have carried out such additional procedures as we considered necessary in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

In our opinion, the Financial Information gives, for the purpose of this report, a true and fair view of the state of affairs of the Wisdom Sun Group as at 31 December 2004, 2005 and 2006 and 30 June 2007 and of the combined results and cash flows of the Wisdom Sun Group for the Relevant Periods.

For the purpose of this report, we have reviewed the Financial Information of the Wisdom Sun Group for the six months ended 30 June 2006 which comprises the combined income statements, the combined statements of changes in equity and the combined cash flow statements, for which the directors of the Company are responsible, in accordance with Statement of Auditing Standards 700 "Engagements to review interim financial reports" issued by the HKICPA. A review consists principally of making enquires of Wisdom Sun Group management and applying analytical procedures to the Financial Information and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the Financial Information for the six months ended 30 June 2006.

Based on our review for the purpose of this report, which does not constitute an audit, we are not aware of any material modifications that should be made to the unaudited Financial Information presented for the six months ended 30 June 2006.

A. FINANCIAL INFORMATION

Combined Income Statements

		Year ended 31 December			Six months ended 30 June	
		2004	**2005**	**2006**	**2006**	**2007**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(unaudited)	
Revenue	*6*	145,323	179,974	185,162	100,403	114,672
Cost of sales		(128,066)	(147,316)	(147,591)	(77,810)	(88,899)
Gross profit		17,257	32,658	37,571	22,593	25,773
Other income	*6*	3,953	3,900	8,784	2,389	1,404
Selling and distribution expenses		(5,500)	(6,110)	(7,133)	(3,401)	(4,814)
Administrative expenses		(7,838)	(8,164)	(6,751)	(3,742)	(4,009)
Finance costs	*7*	(1,839)	(2,242)	(2,847)	(1,527)	(1,335)
Other operating expenses		(2,522)	(3,032)	(4,539)	(340)	(416)
Profit before income tax	*9*	3,511	17,010	25,085	15,972	16,603
Income tax	*10*	(791)	(708)	(768)	(287)	(2,055)
Profit for the year/period		2,720	16,302	24,317	15,685	14,548
Attributable to:						
Equity holders of the Company		2,703	14,775	21,797	14,067	14,420
Minority interests		17	1,527	2,520	1,618	128
		2,720	16,302	24,317	15,685	14,548
Dividends	*11*	13,452	7,941	12,848	–	–

Combined Balance Sheets

	Note	As at 31 December 2004 RMB'000	2005 RMB'000	2006 RMB'000	As at 30 June 2007 RMB'000
Non-current assets					
Property, plant and equipment	12	45,831	51,417	51,180	55,646
Land use right	13	830	812	794	785
Construction in progress	14	2,564	104	1,868	804
		49,225	52,333	53,842	57,235
Current assets					
Inventories	15	10,654	7,984	8,225	9,993
Trade receivables	16	41,635	54,772	51,907	63,704
Notes and bills receivables		2,155	13,230	18,860	21,813
Prepayments, deposits and other receivables	17	9,463	3,468	4,416	7,866
Amounts due from related companies	18	3,643	31,333	12,034	28,903
Cash and cash equivalents		10,674	4,824	8,272	4,246
		78,224	115,611	103,714	136,525
Current liabilities					
Trade payables	19	28,689	20,237	20,077	23,482
Notes and bills payables		12,313	3,638	3,820	12,891
Accruals and other payables	20	6,810	18,880	12,448	13,033
Interest-bearing bank and other borrowings	21	17,800	61,000	39,500	47,000
Amounts due to related companies	22	7,715	7,302	6,575	6,986
Income tax payable		1,089	1,004	1,527	2,211
		74,416	112,061	83,947	105,603
Net current assets		3,808	3,550	19,767	30,922
NET ASSETS		53,033	55,883	73,609	88,157
Capital and reserves					
Paid-in capital	23	40,500	40,500	41,985	47,350
Reserves		6,431	9,099	23,749	40,807
Total equity attributable to equity holders of the Company		46,931	49,599	65,734	88,157
Minority interests		6,102	6,284	7,875	–
TOTAL EQUITY		53,033	55,883	73,609	88,157

Combined Statements of Changes in Equity

	Paid-in capital *RMB'000*	Statutory surplus reserve *RMB'000 (note)*	Capital reserve *RMB"000*	Other reserve *RMB'000*	Retained profits *RMB'000*	Total equity attributable to equity holders of the Company *RMB'000*	Minority interests *RMB'000*	Total equity *RMB'000*
At 1 January 2004	40,250	–	(3)	–	3,731	43,978	6,085	50,063
Profit for the year	–	–	–	–	2,703	2,703	17	2,720
Acquisition of additional interests in subsidiary	250	–	–	–	–	250	–	250
At 31 December 2004 and 1 January 2005	40,500	–	(3)	–	6,434	46,931	6,102	53,033
Transfer to statutory surplus reserve	–	3,229	–		(3,229)	–	–	–
Dividend paid	–	–	–	–	(12,107)	(12,107)	(1,345)	(13,452)
Profit for the year	–	–	–	–	14,775	14,775	1,527	16,302
At 31 December 2005 and 1 January 2006	40,500	3,229	(3)	–	5,873	49,599	6,284	55,883
Transfer to statutory surplus reserve	–	1,906	–	–	(1,906)	–	–	–
Acquisition of a subsidiary	1,485	–	–	–	–	1,485	(135)	1,350
Dividend paid	–	–	–	–	(7,147)	(7,147)	(794)	(7,941)
Profit for the year	–	–	–	–	21,797	21,797	2,520	24,317
At 31 December 2006 and 1 January 2007	41,985	5,135	(3)	–	18,617	65,734	7,875	73,609
Acquisition of additional interests in subsidiaries from minority shareholders *(note 23)*	5,365	–	–	2,638	–	8,003	(8,003)	–
Profit for the period	–	–	–	–	14,420	14,420	128	14,548
At 30 June 2007	47,350	5,135	(3)	2,638	33,037	88,157	–	88,157
For the six months ended 30 June 2006 (unaudited)								
At 1 January 2006	40,500	3,229	(3)	–	5,873	49,599	6,284	55,883
Profit for the period	–	–	–	–	14,067	14,067	1,618	15,685
At 30 June 2006	40,500	3,229	(3)	–	19,940	63,666	7,902	71,568

Note: The PRC statutory surplus reserve of the Wisdom Sun Group represents general and development fund reserve applicable to the PRC subsidiaries which was established in accordance with the relevant regulations.

Combined cash flow statements

	Note	Year ended 31 December			Six months ended 30 June	
		2004	2005	2006	2006	2007
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Cash flow from operating activities						
Profit before taxation		3,511	17,010	25,085	15,972	16,603
Adjustment for:						
Written off of construction in progress		193	4	–	–	214
Amortisation of land use right		18	18	18	9	9
Depreciation of property, plant and equipment		5,098	6,224	7,360	3,422	4,240
(Gain)/loss on disposal of property, plant and equipment		(124)	(23)	(81)	4	(5)
Interest expenses		1,839	2,242	2,847	1,527	1,335
Interest income		(47)	(84)	(138)	(99)	(34)
Operating profit before changes in working capital		10,488	25,391	35,091	20,835	22,362
Decrease/(increase) in inventories		5,924	2,670	(241)	(923)	(1,768)
Decrease/(increase) in notes and bills receivables		2,054	(11,075)	(5,630)	(10,835)	(2,953)
(Increase)/decrease in trade receivables		(2,773)	(13,137)	2,865	(2,910)	(11,797)
(Increase)/decrease in prepayments, deposits and other receivables		(5,987)	5,995	(948)	4,175	(3,450)
Increase/(decrease) in trade payables		14,020	(8,452)	(160)	2,307	3,405
Increase/(decrease) in notes and bills payables		9,913	(8,675)	182	(3,548)	9,071
(Decrease)/increase in other payables and accruals		(2,682)	(1,382)	(926)	6,674	585
(Increase)/decrease in amount due from related companies		(3,256)	(27,690)	19,299	(4,376)	(16,869)
Increase/(decrease) in amounts due to related companies		2,319	(413)	(727)	19,117	411
Cash generated from/(used in) operating activities		30,020	(36,768)	48,805	30,516	(1,003)
Income taxes paid		(48)	(793)	(245)	(43)	(1,371)
Dividends paid	27	–	–	(13,447)	(7,345)	–
Net cash inflow/(outflow) from operating activities		29,972	(37,561)	35,113	23,128	(2,374)
Cash flows from investing activities						
Purchase of property, plant and equipment		(4,439)	(5,788)	(7,417)	(3,559)	(7,184)
Payment for construction in progress		(5,130)	(4,633)	(2,238)	(133)	(2,332)
Proceeds from disposal of property, plant and equipment		3,939	1,090	849	148	1,665
Interest received		47	84	138	99	34

		Year ended 31 December			Six months ended 30 June	
		2004	2005	2006	2006	2007
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Net cash outflow from investing activities		(5,583)	(9,247)	(8,668)	(3,445)	(7,817)
Cash flows from financing activities						
Acquisition of subsidiaries		250	–	1,350	–	–
Increase in bank and other borrowings		22,800	85,500	40,500	–	50,000
Repayment of bank and other borrowings		(38,000)	(42,300)	(62,000)	(13,000)	(42,500)
Interest paid		(1,839)	(2,242)	(2,847)	(1,527)	(1,335)
Net cash (outflow)/inflow from financing activities		(16,789)	40,958	(22,997)	(14,527)	6,165
Increase/(decrease) in cash and cash equivalents		7,600	(5,850)	3,448	5,156	(4,026)
Cash and cash equivalents at beginning of year/period		3,074	10,674	4,824	4,824	8,272
Cash and cash equivalents at end of year/period		10,674	4,824	8,272	9,980	4,246
Analysis of cash and cash equivalents						
Cash and cash equivalents		10,674	4,824	8,272	9,980	4,246

B. NOTES TO THE FINANCIAL INFORMATION

1. GROUP STRUCTURE, REORGANIZATION AND PRINCIPAL ACTIVITIES

a) The Company was incorporated in the British Virgins Islands with limited liability on 1 August 2007 with an authorised share capital of US$100 divided into 100 ordinary shares of US$1 each. The address of its registered office is P.O. Box 957, Offshore Incorporation Centre, Road Town, Tortola, British Virgins Islands.

The Wisdom Sun Group is mainly engaged in the business of production and sale of expandable polystyrene packaging products and paper honeycomb packaging materials.

b) The formation of the Wisdom Sun Group is attributable to the following major events which are part of the Reorganisation:

i) On 18 October 2007, Wisdom Sun entered into an instrument of transfer with Company Kit Secretarial Services Limited to acquire 100% interests in Wise Star and Honor Glory.

ii) On 30 October 2007, Wise Star entered into a series of share transfer agreements with Grand Great International Limited to acquire 100% interests in Huizhou Haijing, Qingdao Mould Products, Qingdao Xin Haijing, Qingdao Haijing and Hefei Haijing and Honor Glory entered into a share transfer agreement with Grand Great International Limited to acquire 90% interests in Qingdao Paper Products.

The Company Wise Star, Honor Glory, Huizhou Haijing, Qingdao Mould Products, Qingdao Paper Products, Qingdao Xin Haijing, Qingdao Haijing, Dalian Haijing and Hefei Haijing were ultimately controlled by Mrs. Chao before and after the formation of the Wisdom Sun Group. Consequently, immediately after the Reorganisation, there was a continuation of the risks and benefits to the ultimate sole shareholder that existed prior to the Reorganisation. The Financial Information is thereby prepared using the principles of merger accounting as set out in Accounting Guideline 5 "Merger accounting for Common Control Combinations" issued by the HKICPA. As further explained in note 3(b) below, the Financial Information presents the combined results, changes in equity, cash flow statements and financial positions of the companies now comprising the Wisdom Sun Group as if the current Wisdom Sun Group structure had been in existence throughout the Relevant Periods.

As at 30 June 2007, the Reorganisation was not yet completed. The share capital of Wisdom Sun Group as at 31 December 2004, 2005, 2006 and 30 June 2007 represents the combined capital of all the subsidiaries of the Wisdom Sun Group at the Relevant Periods.

2. PRINCIPAL ACCOUNTING POLICIES

The Financial Information has been prepared under the historical cost convention as modified for the revaluation of certain financial assets and liabilities at fair value. The preparation of the Financial Information in conformity with HKFRSs requires management of the Company to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The principal accounting policies adopted are as follows:

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

The Reorganisation involved companies under common control and the Company and its subsidiaries resulting from the Reorganisation are regarded as a continuing group. Accordingly, this Financial Information has been prepared as if the Company had been the holding company of the Wisdom Sun Group from the beginning of the earliest period presented. The Financial Information presents the combined results, changes in equity cash flow statements and financial positions of the Wisdom Sun Group as if the Company had been in existence throughout the Relevant Periods and the current structure had been in place as of the earliest period presented, or since the effective dates of incorporation of the companies where they were not existed at those dates.

The Financial Information set out in this report has been prepared in accordance with the principal accounting policies set out below. These accounting policies are in accordance with all applicable HKFRSs (which includes all applicable Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the HKICPA, accounting principles generally accepted in Hong Kong and the applicable disclosure requirements of the Hong Kong Companies Ordinance.

The Financial Information also complies with the disclosure requirements of the Listing Rules of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") as applicable to the Accountants' Report included in Listing Documents.

The HKICPA has issued the following standards and interpretations that are not yet effective. The Wisdom Sun Group has considered the following standards and interpretations but does not expect they will have a material effect on how the results of operations and financial position of the Wisdom Sun Group are prepared and presented.

HKAS 23 (Revised)	Borrowing Costs[4]
HKFRS 8	Operating Segments[4]
HK(IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions[1]
HK(IFRIC) – Int 12	Service Concession Arrangements[2]
HK(IFRIC) – Int 13	Customer Loyalty Programmes[3]
HK(IFRIC) – Int 14	HKAS 19 – The Limited on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[2]

[1] Effective for annual periods beginning on or after 1 March 2007
[2] Effective for annual periods beginning on or after 1 January 2008
[3] Effective for annual periods beginning on or after 1 July 2008
[4] Effective for annual periods beginning on or after 1 January 2009

b) Business combinations under common control combinations

Business combinations under common control are accounted for in accordance with the merger accounting. In applying merger accounting, the combined financial information incorporates the financial statement items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or business first came under the control of controlling party.

The net assets of the combining entities or businesses are combined using the existing book values prior to the common control combinations from the controlling parties' perspective. No account is recognised in respect of goodwill or excess acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The combined income statements includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of common control combination.

The comparative amounts in the combined financial information are presented as if the entities or business had been combined at the previous balance sheet date or when they first came under common control, whichever is shorter.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of an impairment of the asset transferred.

c) Business combinations other than common control combinations

The acquisition of subsidiaries/businesses is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Wisdom Sun Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 Business Combinations are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 Non-current Assets Held for the Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Wisdom Sun Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Wisdom Sun Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the combined income statement.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

The Wisdom Sun Group has not disposed any of its subsidiaries or businesses during the Relevant Periods.

d) Subsidiaries

A subsidiary is a company controlled by the Company. A subsidiary is 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.

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 combined 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.

e) Revenue recognition

i) 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.

ii) Interest income

Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

f) Property, plant and equipment

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

Major costs incurred in restoring property, plant and equipment to their normal working condition are charged to the combined income statements. Improvements are capitalised and depreciated over their expected useful lives.

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 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 combined income statements.

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:

Buildings	5 – 10%
Furniture and equipment	20%
Plant and machinery	20 – 30%
Motor vehicles	20%
Moulds	20%
Leasehold improvement	10%

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.

g) Land use right

Land use right is up-front payment to acquire long-term interests in leasehold properties, which is stated at cost and is amortised on a straight-line basis over the lease period to the combined income statements.

h) Construction in progress

Construction in progress is stated at cost less accumulated impairment losses. Cost comprises all direct and indirect cost of construction. Construction in progress is transferred to property, plant and equipment and depreciation commences when construction is completed and the asset is put into use.

i) Operating lease charges

Leases where substantially all the rewards and risks of ownership of assets remain with the leasing company are accounted for as operating leases. Rentals applicable to such operating leases net of any incentives received from the leasing company are charged to the income statement on a straight-line basis over the lease term.

j) Impairment of assets

i) Impairment of receivables

All current and non-current receivables that are stated at cost or amortised cost 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 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.

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.

– property, plant and equipment; and

– investments in subsidiaries (except for those classified as held for sale (or included in a disposal group that is classified as held for sale)).

If any such indication exists, the asset's recoverable amount is estimated.

– 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 bases, 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 combined income statement in the year in which the reversals are recognised.

k) Related parties

For the purposes of these financial statements, parties are considered to be related to the Wisdom Sun Group if the Wisdom Sun 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 Wisdom Sun Group where those parties are individuals, and post-employment benefit plans which are for the benefit or employees of the Wisdom Sun Group or of any entity that is a related party of the Wisdom Sun Group.

l) 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 3(j)), 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 3(j)).

m) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, calculated on a first-in, first-out basis, comprises all costs of purchases, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Provision is made for obsolete, slow moving or defective items where appropriate.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

n) 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.

o) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, and 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 and which are subject to an insignificant risk of changes in value. 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.

p) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Company or Wisdom Sun 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.

q) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and that are subject to risks and returns that are different from those of segments operating in other economic environments.

r) 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.

s) Foreign currencies

Functional and presentation currency

Items included in the financial statements of each of the Wisdom Sun Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The combined financial statements are presented in RMB, 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 combined 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 Wisdom Sun 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 combined income statements 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.

t) Employee benefits

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

ii) The Wisdom Sun Group contributes on a monthly basis to defined contribution retirement benefit plan organized by relevant municipal government in the PRC The municipal government undertakes to assume the retirement benefit obligations of all existing and future retired employees payable under the plan. Contribution to the plan is expensed as incurred. The assets of the plan are held separately from those of the Wisdom Sun Group in independently administered funds managed by the PRC Government.

u) 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.

4. FINANCIAL RISK MANAGEMENT

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

i) Capital risk management

The Wisdom Sun Group manages its capital to ensure that Wisdom Sun Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of Wisdom Sun Group consists of debt, which mainly includes trade payables, notes and bills payables, accruals and other payables, interest-bearing bank and other borrowings, amount due to related companies disclosed in note 22, cash and cash equivalents and equity attributable to equity holders of Wisdom Sun Group, comprising registered capital and retained profits.

The directors of Wisdom Sung Group review the capital structure on a regular basis. As a part of this review, the directors of Wisdom Sun Group consider the cost of capital and the risks associated with each class of capital. Wisdom Sun Group will balance its overall capital structure through the payment of dividends as well as obtaining finance from banks or related parties.

There are no changes on Wisdom Sun Group's approach to capital management during the year/period, and Wisdom Sun Group is not subject to externally imposed capital requirements.

ii) Liquidity risk

Individual operating entities within the Wisdom Sun 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. The Wisdom Sun 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.

iii) Fair value

All financial instruments are carried at amounts not materially different from their fair values as at Relevant Periods.

5. 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 Wisdom Sun 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 Wisdom Sun 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. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. 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) Estimated provision for impairment of trade and other receivables

The Wisdom Sun 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.

c) Estimated net realisable value of inventories

The Wisdom Sun Group assesses periodically if the inventories have been suffered from an impairment in accordance with the accounting policy stated in note 2. The Wisdom Sun Group carries out an inventory review on a product-by-product basis at each balance sheet date and makes allowance for obsolete and slow-moving items. The management estimates the net realisable value for such finished goods and raw materials primarily based on the estimated future selling price and market conditions. No impairment recognised as of 31 December 2004, 2005 and 2006 and 30 June 2007. Where the estimates of the net realisable value are less than expected, a material allowance may arise.

6. REVENUE AND OTHER INCOME

Revenue, which is also the Wisdom Sun Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts during the Relevant Periods.

Analysis of revenue and other income is as follows:

	Year ended 31 December			Six months ended 30 June	
	2004	**2005**	**2006**	**2006**	**2007**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Revenue – sale of goods	145,323	179,974	185,162	100,403	114,672
Other income:					
Bank interest income	47	84	138	99	34
Sale of raw materials	1,657	1,612	2,786	208	162
Sale of steam	1,535	1,770	3,379	859	825
Written off of trade payables	–	–	1,532	1,011	–
Penalty income	308	47	115	18	140
Others	406	387	834	194	243
Total revenue	3,953	3,900	8,784	2,389	1,404

7. FINANCE COSTS

	Year ended 31 December			Six months ended 30 June	
	2004	**2005**	**2006**	**2006**	**2007**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Interest expenses on bank and other borrowings	1,839	2,242	2,847	1,527	1,335

8. DIRECTOR'S REMUNERATION

The aggregate amounts of emoluments paid and payable to the directors of the Wisdom Sun Group during the Relevant Periods disclosed pursuant to section 161 of the Hong Kong Companies Ordinance are set out below:

	Year ended 31 December			Six months ended 30 June	
	2004	**2005**	**2006**	**2006**	**2007**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Salaries and other benefits	–	–	–	–	–

9. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after crediting and charging the following:

	Year ended 31 December			Six months ended 30 June	
	2004	**2005**	**2006**	**2006**	**2007**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Crediting:					
Gain on disposal of property, plant and equipment	124	23	81	–	5
Charging:					
Cost of inventories sold	128,066	147,316	147,591	77,810	88,899
Auditors' remuneration	18	14	12	–	10
Amortisation of land use right	18	18	18	9	9
Construction in progress written off	193	4	–	–	214
Depreciation of property, plant and equipment	5,098	6,224	7,360	3,422	4,240
Staff cost (including directors' remuneration – *note 8*)	6,978	8,285	8,624	3,453	4,314
Operating leases rentals in respect of land and building	1,992	2,317	2,555	1,293	1,336
Loss on disposal of property, plant and equipment	–	–	–	4	–

10. INCOME TAX

Pursuant to the relevant regulations applicable to enterprises situated in the special economic and technological development zone of the PRC, Wisdom Sun Group enjoys a preferential enterprise income tax rate of 15%. Accordingly, the income tax for relevant period was provided at the rate of 15%.

The income tax for the year be reconciled to the profit before tax as follows:

	Year ended 31 December			Six months ended 30 June	
	2004	**2005**	**2006**	**2006**	**2007**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Profit before income tax	3,511	17,010	25,085	15,972	16,603
Taxation on profit before tax calculated at the rate of 15%	526	2,551	3,763	2,396	2,491
Net tax effect of expense and income that are not deductible and taxable in determining taxable profit and tax allowance	1,026	(894)	(1,826)	(534)	(338)
Tax Holiday of WOFEs of the Wisdom Sun Group	(761)	(949)	(1,169)	(1,575)	(98)
Income tax	791	708	768	287	2,055

No provision for deferred taxation has been made in the financial statements as there no significant temporary differences at each of the balance sheet dates.

In accordance with various approval documents issued by the State Tax Bureau and Local Tax Bureau of the PRC, Hefei Haijing, Qingdao Haijing, Qingdao Mould Products and Qingdao Xin Haijing, Wisdom Sun's wholly-owned subsidiaries established as wholly foreign-owned enterprise ("WOFE") in the PRC, are entitled to an exemption from the PRC state and local corporate income tax for the first two profitable financial years of their operations, stating from the financial year ended 31 December 2002, 31 December 2005, 31 December 2006 and 31 December 2002 respectively and thereafter are entitled to a 50% relief from the state corporate income tax for the following three financial years.

Pursuant to the new PRC Enterprise Income Tax Law promulgated on 16 March 2007, the enterprise income tax for both domestic and foreign-invested enterprises will be unified at 25% effective from 1 January 2008. Since the detailed implementation and administrative rules and regulations have not yet been announced, the financial impact of the New Corporate Income Tax Law on the Wisdom Sun Group cannot be reasonably estimated at this stage.

11. DIVIDENDS

During the Relevant Periods, Wisdom Sun Group paid dividends to its then shareholders:

	Year ended 31 December			Six months ended 30 June	
	2004	**2005**	**2006**	**2006**	**2007**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Final dividends	13,452	7,941	12,848	–	–

The final dividends declared after balance sheet date have not been recognised as liabilities at the balance sheet date.

12. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Furniture and equipment RMB'000	Moulds RMB'000	Leasehold improvement RMB'000	Total RMB'000
Cost							
At 1/1/2004	13,651	37,107	2,526	3,013	834	–	57,131
Additions	477	1,782	662	452	1,066	–	4,439
Transfer from construction in progress	421	3,183	–	–	–	–	3,604
Disposals	–	(4,454)	(638)	–	(8)	–	(5,100)
At 31/12/2004 and 1/1/2005	14,549	37,618	2,550	3,465	1,892	–	60,074
Additions	224	1,220	607	394	3,343	–	5,788
Transfer from construction in progress	1,200	4,764	–	1,125	–	–	7,089
Disposals	–	(841)	(166)	(128)	(174)	–	(1,309)
At 31/12/2005 and 1/1/2006	15,973	42,761	2,991	4,856	5,061	–	71,642
Additions	324	944	759	590	4,800	–	7,417
Transfer from constructions in progress	400	56	–	18	–	–	474
Disposals	(63)	(543)	(204)	(133)	(149)	–	(1,092)
At 31/12/2006 and 1/1/2007	16,634	43,218	3,546	5,331	9,712	–	78,441
Additions	239	2,868	826	345	2,841	65	7,184
Transfer from constructions in progress	322	2,860	–	–	–	–	3,182
Disposals	–	(1,469)	(270)	(25)	(223)	–	(1,987)
At 30/6/2007	17,195	47,477	4,102	5,651	12,330	65	86,820
Accumulated depreciation							
At 1/1/2004	1,210	7,616	927	663	14	–	10,430
Charge for the year	668	3,410	430	403	187	–	5,098
Disposals	–	(1,006)	(277)	–	(2)	–	(1,285)
At 31/12/2004 and 1/1/2005	1,878	10,020	1,080	1,066	199	–	14,243
Charge for the year	805	3,741	457	508	713	–	6,224
Disposals	–	(87)	(115)	–	(40)	–	(242)
At 31/12/2005 and 1/1/2006	2,683	13,674	1,422	1,574	872	–	20,225
Charge for the year	856	3,951	439	594	1,520	–	7,360
Disposals	–	(83)	(158)	(46)	(37)	–	(324)
At 31/12/2006 and 1/1/2007	3,539	17,542	1,703	2,122	2,355	–	27,261
Charge for the period	440	2,139	223	309	1,126	3	4,240
Disposals	–	(92)	(149)	(6)	(80)	–	(327)
At 30/6/2007	3,979	19,589	1,777	2,425	3,401	3	31,174
Net book value							
At 30/6/2007	13,216	27,888	2,325	3,226	8,929	62	55,646
At 31/12/2006	13,095	25,676	1,843	3,209	7,357	–	51,180
At 31/12/2005	13,290	29,087	1,569	3,282	4,189	–	51,417
At 31/12/2004	12,671	27,598	1,470	2,399	1,693	–	45,831

13. LAND USE RIGHT

Land use right for property, plant and equipment represents the Wisdom Sun Group's interest in land in the PRC which are held on leases of 50 years. The movements are as follows:

	RMB'000
Cost	
At 1/1/2004	848
Additions	–
At 31/12/2004 and 1/1/2005	848
Additions	–
At 31/12/2005 and 1/1/2006	848
Additions	–
At 31/12/2006 and 1/1/2007	848
Additions	–
At 30/6/2007	848
Accumulated amortisation	
At 1/1/2004	–
Charge for the year	18
At 31/12/2004 and 1/1/2005	18
Charge for the year	18
At 31/12/2005 and 1/1/2006	36
Charge for the year	18
At 3/12/2006 and 1/1/2007	54
Charge for the period	9
At 30/6/2007	63
Net book value	
At 30/6/2007	785
At 31/12/2006	794
At 31/12/2005	812
At 31/12/2004	830

14. CONSTRUCTION IN PROGRESS

	Total
	RMB'000
Cost	
At 1/1/2004	1,231
Additions	5,130
Transfer to property, plant and equipment	(3,604)
Disposals	(193)
At 31/12/2004 and 1/1/2005	2,564
Additions	4,633
Transfer to property, plant and equipment	(7,089)
Disposals	(4)
At 31/12/2005 and 1/1/2006	104
Additions	2,238
Transfer to property, plant and equipment	(474)
At 31/12/2006 and 1/1/2007	1,868
Additions	2,332
Transfer to property, plant and equipment	(3,182)
Disposals	(214)
At 30/6/2007	804

15. INVENTORIES

	As at 31 December			As at 30 June
	2004	**2005**	**2006**	**2007**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	3,326	2,502	2,544	3,380
Finished goods	7,328	5,482	5,681	6,613
Total	10,654	7,984	8,225	9,993

16. TRADE RECEIVABLES

An aging analysis of the trade receivables as at 31 December 2004, 2005 and 2006 and 30 June 2007, based on invoice date, is as follows:

	As at 31 December			As at 30 June
	2004	**2005**	**2006**	**2007**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 3 months	40,209	45,997	35,773	60,752
4 to 6 months	1,124	6,070	11,901	1,308
7 to 12 months	241	2,701	1,472	43
Over 1 year	61	4	2,761	1,601
	41,635	54,772	51,907	63,704

As at 31 December 2005, 2006 and 2007, other borrowings drawn in the PRC were secured by the Wisdom Sun Group's trade receivables with net carrying value of approximately RMB30,000,000, RMB27,500,000 and RMB27,500,000 respectively.

17. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 December			As at 30 June
	2004	**2005**	**2006**	**2007**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Other receivables	5,056	942	883	4,667
Payment in advance	1,551	891	1,722	1,199
Prepayment	2,856	1,635	1,811	2,000
	9,463	3,468	4,416	7,866

18. AMOUNTS DUE FROM RELATED COMPANIES

	As at 31 December 2004	Maximum balance	As at 31 December 2005	Maximum balance	As at 31 December 2006	Maximum balance	As at 30 June 2007	Maximum balance
	RMB'000	*RMB'000*	*RMB'000*	*RMB"000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Shenzhen Chuangce Investment Development Company Limited	2,730	4,330	19,013	22,210	12,034	17,355	28,534	28,534
Huizhou Jinghua Packing Materials Company Limited	–	–	8,999	9,232	–	–	2	2
Chuzhou Jinghua Packing Materials Company Limited	546	546	–	–	–	–	–	–
Zunyi Haijing Packing Materials Company Limited	367	367	351	815	–	–	–	–
China Way Ployfoam Plastics (Hui Zhou) Limited	–	–	2,970	2,970	–	–	–	–
Meiling Rongfeng	–	–	–	–	–	–	367	367
	3,643	5,243	31,333	35,227	12,034	17,355	28,903	28,903

The table below summaries the name of related parties and nature relationship with the Wisdom Sun Group as at 31 December 2004, 2005, 2006 and 30 June 2007.

Related parties	Relationship with the Wisdom Sun Group
Shenzhen Chuangce Investment Development Company Limited	Common director
Huizhou Jinghua Packing Materials Company	The spouse of the equity holder of the Wisdom Sun Group
Chuzhou Jinghua Packing Materials Company Limited	Effectively controlled by the family of the spouse of the equity holder of the Wisdom Sun Group
Zunyi Haijing Packing Materials Company Limited	Common director
China Way Ployfoam Plastics (Hui Zhou) Limited	The spouse of the equity holder of the Wisdom Sun Group
Meiling Rongfeng	The spouse of the equity holder of the Wisdom Sun Group

The amounts due from related companies are unsecured, interest-free and repayment on demand. The carrying amount approximates to its fair value at the balance sheet date. The above balances were non-trade in nature, comprising mainly advances to related companies.

19. TRADE PAYABLES

An aging analysis of the trade payables as at 31 December 2004, 2005, 2006 and 30 June 2007, based on invoice date, is as follows:

	As at 31 December			As at 30 June
	2004	**2005**	**2006**	**2007**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 3 months	18,806	13,971	11,579	18,116
4 to 6 months	6,617	4,039	5,998	3,380
7 to 12 months	2,405	1,245	1,341	1,306
Over 1 year	861	982	1,159	680
	28,689	20,237	20,077	23,482

20. ACCRUALS AND OTHER PAYABLES

	As at 31 December			As at 30 June
	2004	**2005**	**2006**	**2007**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Other payables	4,025	2,165	1,088	1,452
Advance from customers	443	174	171	–
Accruals expenses	2,342	1,663	2,284	3,134
Welfare payables	–	1,426	959	501
Dividends payables	–	13,452	7,946	7,946
	6,810	18,880	12,448	13,033

21. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Effective interest rate per annum	As at 31 December			As at 30 June
		2004	2005	2006	2007
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans-secured	5.31%-7.65%	17,800	41,000	14,500	22,000
Other loans-secured	4.875%-5.749%	–	20,000	25,000	25,000
		17,800	61,000	39,500	47,000

The table below summaries the loan drawn in the PRC were secured by Wisdom Sun Group assets:

	As at 31 December			As at 30 June
	2004	2005	2006	2007
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans-secured				
Net carrying value of secured assets				
– buildings	8,197	8,462	8,469	11,873
– plant and machinery	8,700	10,506	2,130	11,718
– motor vehicles	–	–	–	1,013
– furniture and equipment	–	–	–	229
– director's personal bank deposit	–	–	5,000	–
Other loans-secured				
Net carrying value of secured assets				
– trade receivables	–	30,000	27,500	27,500

The bank loans and other loans are repayable within twelve months.

22. AMOUNTS DUE TO RELATED COMPANIES

The amounts due to related companies are unsecured, interest-free and repayment on demand. The carrying amount approximates to its fair value.

23. PAID-IN CAPITAL

Paid-in capital of the Wisdom Sun Group represents the capital contributions from the equity holders of the Company. The additions during the Relevant Periods represent the injection additional paid-up capital by the equity holders of the Company to the respective company were combined from the effective date of acquisition.

24. SEGMENT INFORMATION

The Wisdom Sun Group's principal activities are the production and sale of expandable polystyrene packaging products and paper honeycomb packaging materials as a single business segment. All of the Wisdom Sun Group's assets, liabilities and capital expenditure are located or utilised in the PRC. Accordingly, no segment information is presented.

25. ACQUISITION OF SUBSIDIARIES

On 10 February 2007, 13 February 2007 and 13 February 2007, the Wisdom Sun Group acquired of the remaining 10% equity interest in Hefei Haijing and Qingdao Haijing and 20% equity interest in Qingdao Xin Haijing respectively at a consideration in aggregate of RMB7,480,000 under the purchase method of accounting.

Hefei Haijing, Qingdao Haijing, Qingdao Xin Haijing and Qingdao Paper Products were the subsidiaries in which the Wisdom Sun Group has 90%, 90%, 80% and 99% equity interest respectively. The acquisition of the remaining equity interest in Qingdao Haijing was also resulted to the acquisition of the remaining 1% of minority interests in Qingdao Paper Products. The acquired business contributed revenues of approximately RMB12,348,000 and net profit of approximately RMB1,404,000 to the Group for the period from 11 February 2007, 14 February 2007 and 14 February 2007 to 30 June 2007.

The combined revenue and net profit of Hefei Haijing, Qingdao Haijing and Qingdao Xin Haijing for the six months ended 30 June 2007 were approximately RMB114,000,000 and RMB14,200,000 respectively.

The net assets acquired in the transactions on acquisition are as follows:

	Carrying amount of the acquirees				
	Qingdao Haijing	Qingdao Xin Haijing	Hefei Haijing	Qingdao Paper Products	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Property, plant and equipment	17,057	12,061	21,255	40	50,413
Construction in progress	65	1,232	47	394	1,738
Land use right	–	–	793	–	793
Investment in Qingdao Paper Products	150	–	–	–	150
Inventory	3,660	2,560	1,515	–	7,735
Trade receivables	7,353	16,830	22,438	–	46,621
Prepayments, deposit and other receivable	10,737	6,218	1,365	–	18,320
Due from/(to) related companies	(4,391)	7,000	5,914	(632)	7,891
Notes receivables	1,201	100	10,722	–	12,023
Cash and cash equivalents	1,778	(2,186)	1,680	1,743	3,015
Trade payables	(5,011)	(8,988)	(7,839)	–	(21,838)
Accruals and other payables	(1,669)	(720)	(9,992)	(93)	(12,474)
Interest-bearing bank and other borrowings	(4,500)	(25,000)	(10,000)	–	(39,500)
Income tax payables	(57)	(106)	(876)	–	(1,039)
Net assets	26,373	9,001	37,022	1,452	73,848
Minority interests	2,637	1,800	3,702	14	8,153
Investment in Qingdao Paper Products	(150)	–	–	–	(150)
Remaining minority interests acquired	2,487	1,800	3,702	14	8,003
Negative goodwill in acquisition	87	120	302	14	523
Satisfied by:					
Cash consideration	2,400	1,680	3,400	–	7,480

26. OPERATING LEASE COMMITMENTS

The Wisdom Sun Group leases certain of its land under operating lease arrangements. Lease for land and are negotiated for terms ranging from four to ten years.

As at 31 December 2004, 2005, 2006 and 30 June 2007, the Wisdom Sun Group had total future minimum lease payment under non-cancellable operating leases falling due as follows:

	As at 31 December			As at 30 June
	2004	**2005**	**2006**	**2007**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	2,486	2,523	3,060	3,060
2 – 5 years	15,093	9,836	8,943	6,633
After 5 years	780	–	–	–
	18,359	12,359	12,003	9,693

27. NON-CASH TRANSACTIONS

During the year 2005, the Wisdom Sun Group declared the final dividends of RMB13,452,000 in which RMB13,447,000 was settled in year 2006. During year 2006, the Wisdom Sun Group declared the final dividends of RMB7,947,000 in which RMB7,150,000 was settled in year 2007.

28. ULTIMATE CONTROLLING PARTY

The directors regard Mrs. Chao through her direct shareholding in the Company as being the ultimate controlling party.

28. SUBSEQUENT EVENTS

Pursuant to resolutions passed on 20 July 2007 and 21 August 2007, the Wisdom Sun Group's subsidiaries declared 2006 final dividends of RMB12,847,977 in which RMB1,797,880 was already settled in August 2007.

Other than dividends declared and the Wisdom Sun Group Reorganisation, no significant event for the Wisdom Sun Group took place subsequent to 30 June 2007.

C. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of its subsidiaries in respect of any period subsequent to 30 June 2007.

Yours faithfully,

CCIF CPA Limited
Certified Public Accountants
Hong Kong

Kwok Cheuk Yuen
Practising Certificate Number
P02412

The followings are the unaudited proforma financial information on the Resulting Group and the text of a comfort letter thereon received from the reporting accountants, CCIF CPA Limited, prepared for the purpose of inclusion in this circular:

1. 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 ("Directors") for illustrative purposes only, to provide information about how the proposed very substantial acquisition of Wisdom Sun International Limited ("the Wisdom Sun") and its subsidiaries (collectively referred as the "Wisdom Sun Group") and Dragon Vault International Limited ("the Dragon Vault") and its subsidiaries (collectively referred as the "Dragon Vault Group") as well as the proposed very substantial disposal of Innovis Technology Limited ("Innovis HK") defined in the circular might have affected the financial information presented, for inclusion in Section 2 of appendix IV ("Pro Forma Financial Information of the Resulting Group") to the circular of the Company dated 17 December 2007 (the "Circular"). The basis of preparation of the unaudited pro forma financial information is also set out in appendix IV to the Circular.

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 Listing 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.

It is our responsibility to form an opinion, as required by paragraph 7.31(7) of the GEM Listing 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 Engagement (HKSIR) 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants. 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 Listing 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 Resulting Group (as defined in the Circular) as at 30 June 2007 or at any future dates; or
- the financial results and cash flows of the Resulting Group (as defined in the Circular) for the year ended 31 December 2006 or for any future periods.

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 Listing Rules.

CCIF CPA Limited
Certified Public Accountants
Hong Kong

Kwok Cheuk Yuen
Practising Certificate Number P02412

2. UNAUDITED PRO FORMA FINANCIAL INFORMATION ON THE RESULTING GROUP

The following unaudited pro forma balance sheet of the Resulting Group is prepared based on the unaudited consolidated balance sheet of the Group as at 30 June 2007 as set out in its published interim report for the period ended 30 June 2007, and the audited combined balance sheets of Wisdom Sun Group and Dragon Vault Group as at 30 June 2007 as well as the audited balance sheet of Innovis HK as at 30 September 2007, assuming that the Wisdom Sun Group and the Dragon Vault Group had been acquired as at 30 June 2007 and Innovis HK had been disposed of as at 30 June 2007.

This unaudited pro forma combined balance sheets has been prepared for illustrative purposes only and, because of its nature, may not give a true picture of the financial position of the Resulting Group as at 30 June 2007, or at any future date.

Unaudited pro forma balance sheet of the Resulting Group as at 30 June 2007

	The Group	Wisdom Sun Group	Dragon Vault Group	Pro forma adjustments for acquisitions	*Notes*	Total after acquisitions but before disposal	Pro forma adjustments for disposal	*Notes*	Resulting Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*		*HK$'000*	*HK$'000*		*HK$'000*
	(Note 1a)	*(Note 2)*	*(Note 2)*						
Non-current assets									
Property, plant and equipment	652	57,201	12	–		57,865	(254)		57,611
Land use rights	–	807	3,790	1,783	*9b*	15,513			15,513
				9,133	*6d*				
Construction in progress	–	826	384	–		1,210			1,210
Retention money receivable	363	–	–	–		363	(363)		–
Available-for-sale financial assets	859	–	–	–		859	(859)		–
Investment in subsidiaries	–	–	–	5,669	*4*	–			–
	–	–	–	139	*4*	–			–
	–	–	–	(5,808)	5	–			–
	–	–	–	4,011	*7*	–			–
Investment in Meiling Rongfeng	–	–	–	(4,011)	*8*	–			–
Investment in Wisdom Sun	–	–	–	175,286	*6abc*	–			–
	–	–	–	(175,286)	*6*	–			–
Investment in Dragon Vault	–	–	–	7,000	*9*	–			–
	–	–	–	(7,000)	*9*	–			–
Goodwill	–	–	–	75,532	*6f*	76,776			76,776
	–	–	–	38	*8b*	–			–
	–	–	–	(38)	*9*	–			–
	–	–	–	1,244	*9c*	–			–
	1,874	58,834	4,186			152,586			151,110

	The Group	Wisdom Sun Group	Dragon Vault Group	Pro forma adjustments for acquisitions	*Notes*	Total after acquisitions but before disposal	Pro forma adjustments for disposal	*Notes*	Resulting Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*		*HK$'000*	*HK$'000*		*HK$'000*
	(Note 1b)	*(Note 2)*	*(Note 2)*						
Current assets									
Inventories	–	10,272	–			10,272			10,272
Held-to-maturity debt securities	49	–	–			49	(49)		–
Available-for-sale financial assets	544	–	–			544			544
Tax recoverable	47	–	–			47	(60)		(13)
Trade receivables	3,414	65,484	–			68,898	(956)		67,942
Prepayments, deposit and other receivables	9,213	8,086	–			17,299	(2,482)		14,817
Retention money receivable	33	–	–			33	(33)		–
Amounts due from related companies	–	29,711	–	(377)	12	29,334	(465)		28,869
Current account with Innovis HK	–	–	–				10,337		
							(7,578)	*10*	
							(2,781)	*10*	
							22	*10*	
Notes and bills receivable	–	22,422	–			22,422			22,422
Cash and cash equivalents	8,985	4,365	125	(38,000)	*6a*	(34,845)	(1,464)		(33,500)
				(3,320)	*6c*		2,781	*11*	
				(7,000)	*9*		50	*11*	
							(22)	*10*	
	22,285	140,340	125			114,053			111,353
Current liabilities									
Trade payables	3,379	24,138	–			27,517	(1,050)		26,467
Accruals and other payables	941	13,397	–			14,338	(514)		13,824
Interest-bearing bank and other borrowings	–	48,313	–			48,313			48,313
Amount due to directors	152	–	–	5,669	*4*	152	(152)		–
	–	–	–	139	*4*				
	–	–	–	(5,808)	*4*				
	–	–	–	4,011	*7*				
	–	–	–	(4,011)	*8*				
Amounts due to related companies	442	7,181	377	(377)	*12*	7,623	(442)		7,181
Notes and bills payable	–	13,251	–			13,251			13,251
Income tax payable	–	2,273	–			2,273			2,273
	4,914	108,553	377			113,467			111,309
Net current assets	17,371	31,787	(252)			586			44
NET ASSETS	19,245	90,621	3,934			153,172			151,154
Capital and reserves									
Share capital/paid-in capital	10,125	48,673	4,046	(48,673)	*5b*	22,193			22,193
	–	–	–	12,069	*6b*				
	–	–	–	(4,046)	*8a*				
Reserves	9,120	41,948	(73)	(41,948)	*5b*	131,018	5,837		129,000
				84,813	*5c*		(327)		
	–	–	–	121,898	*6b*		(7,578)	*10*	
	–	–	–	(84,813)	*6*		50	*11*	
	–	–	–	73	*8a*				
Total equity attributable to equity holders of the Company	19,245	90,621	3,973			153,211			151,193
Minority interests	–	–	(39)		*3*	(39)			(39)
TOTAL EQUITY	19,245	90,621	3,934			153,172			151,154

The following unaudited pro forma income statement and cash flow statement of the Resulting Group are prepared based on the audited consolidation income statement and cash flow statement of the Group for the year ended 31 December 2006, assuming that the Wisdom Sun Group and Dragon Vault Group had been acquired as at 1 January 2006 and Innovis HK had been disposed of as at 1 January 2006.

This unaudited pro forma consolidation income statement and cash flow Statement have been prepared for illustrative purposes only and, because of its nature, may not give a true picture of the financial position of the Resulting Group as at 31 December 2006, or at any future date.

Unaudited pro forma income statement of the Resulting Group for the year ended 31 December 2006

	The Group	Wisdom Sun Group	Dragon Vault Group	Pro forma adjustments for acquisitions	*Notes*	Total after acquisitions but before disposal	Pro forma adjustments for disposal	*Notes*	Resulting Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*		*HK$'000*	*HK$'000*		*HK$'000*
	(Note 1b)	*(Note 2)*							
Revenue	4,511	180,917	–			185,428	(4,511)		180,917
Cost of sales	4,228	144,207	–			148,435	(4,228)		144,207
Gross profit	283	36,710	–			36,993			36,710
Other income	583	8,582	–			9,165	(199)		8,966
Gain on disposal of subsidiary	–	–	–			–	50	*11*	50
Selling and distribution expenses	–	(6,969)	–			(6,969)			(6,969)
Administrative expenses	(9,872)	(6,596)	–			(16,468)	7,466		(9,002)
Finance costs	(39)	(2,782)	–			(2,821)	24		(2,797)
Other operating expenses	–	(4,435)	–			(4,435)			(4,435)
(Loss)/profit before income tax	(9,045)	24,510	–			15,465			22,523
Income tax	(181)	(769)	–			(950)	182		(768)
(Loss)/profit for the year attributable to the equity holders of the company	(9,226)	23,741	–			14,515			21,755

Unaudited pro forma cash flow statement of the Resulting Group for the year ended 31 December 2006

	The Group HK$'000 (Note 1b)	Wisdom Sun Group HK$'000 (Note 2)	Dragon Vault Group HK$'000	Pro forma adjustments for acquisitions HK$'000	Notes	Total after acquisitions but before disposal HK$'000	Pro forma adjustments for disposal HK$'000	Notes	Resulting Group HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES									
(Loss)/profit before taxation	(9,045)	24,510	–			15,465	7,008		22,473
Adjustments for:									
Bank deposits pledged for banking facilities	(850)	–	–			(850)	850		–
Amortisation of land use rights	–	18	–			18	–		18
Interest expenses	25	2,782	–			2,807	(24)		2,783
Interest income	(148)	(135)	–			(283)	86		(197)
Depreciation of property, plant and equipment	209	7,191	–			7,400	(148)		7,252
Gain on disposal of property, plant and equipment	–	(79)	–			(79)			(79)
Bad debts written off	3,050	–	–			3,050	(3,050)		–
Impairment loss of – trade and retention money receivables	1,700	–	–			1,700	(1,700)		–
OPERATING (LOSS)/PROFIT BEFORE WORKING CAPITAL CHANGES	(5,059)	34,287	–			29,228	3,022		32,250
Decrease in trade receivables	7,783	2,799	–			10,582	(7,783)		2,799
Increase in retention money receivables	(166)	–	–			(166)	166		–
Increase in prepayment, deposits and other receivables	(358)	(926)	–			(1,284)	266		(1,018)
Increase in notes and bills receivables	–	(5,501)	–			(5,501)			(5,501)
Increase in inventories	–	(235)	–			(235)			(235)
Decrease in trade payables	(1,884)	(156)	–			(2,040)			(2,040)
Increase/(decrease) in other payables and accruals	87	(905)	–			(818)	102		(716)
Decrease in amount due to directors	(874)	–	–			(874)	(151)		(1,025)
Increase/(decrease) in amounts due to related companies	382	(710)	–			(328)	(374)		(702)
Decrease in amount due from related companies	–	18,856	–			18,856			18,856
(Decrease)/increase in notes payable, unsecured	(4,873)	178	–			(4,695)	4,873		178
CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES	(4,962)	47,687	–			42,725			42,846
Income tax refunded/(paid)	23	(239)	–			(216)	(22)		(238)
Dividends paid	–	(13,139)	–			(13,139)			(13,139)
NET CASH USED IN OPERATING ACTIVITIES	(4,939)	34,309	–			29,370			29,469
CASH FLOWS FROM INVESTING ACTIVITIES									
Payment for construction in progress	–	(2,187)	–			(2,187)			(2,187)
Purchase of property, plant and equipment	(13)	(7,247)	–			(7,260)	13		(7,247)
Proceeds from disposal of property, plant and equipment	–	830	–			830			830
Proceeds from disposal of subsidiary and repayment from Innovis HK at the completion of disposal	–	–	–			–	2,831	*10*	2,831
Interest received	148	135	–			283	(86)		197
Acquisition of subsidiaries	–	–	–	(38,000) (7,000)	*6a* *9*	(45,000)			(45,000)
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	135	(8,469)	–			(53,334)			(50,576)

Unaudited pro forma cash flow statement of the Resulting Group for the year ended 31 December 2006

	The Group	Wisdom Sun Group	Dragon Vault Group	Pro forma adjustments for acquisitons	Notes	Total after acquisitions but before disposal	Pro forma adjustments for disposal	Notes	Resulting Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*		*HK$'000*	*HK$'000*		*HK$'000*
	(Note 1b)	*(Note 2)*							
CASH FLOWS FROM FINANCING ACTIVITIES									
Additional interests in subsidiaries	–	1,319	–			1,319			1,319
Increase in bank borrowings	–	39,571	–			39,571			39,571
Repayment of secured bank loan	(833)	(60,578)	–			(61,411)	833		(60,578)
Net proceeds from rights issue of shares	3,685	–	–			3,685			3,685
Net proceeds from placing of shares	5,307	–	–			5,307			5,307
Interest paid	(25)	(2,782)	–			(2,807)	24		(2,783)
Issuing expenses	–	–	–	(3,320)	*6c*	(3,320)			(3,320)
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	8,134	(22,470)	–			(17,656)			(16,799)
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,330	3,370	–			(41,620)			(37,906)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	3,087	4,713	–			7,800			7,800
CASH AND CASH EQUIVALENTS AT END OF YEAR	6,417	8,084	–			(33,820)			(30,106)

Notes:

1. a. The balances are extracted from unaudited interim report of the Group for the period ended 30 June 2007 as set out in appendix I to this circular.

   b. The balances are extracted from the audited financial information of the Group for the year ended 31 December 2006 as set out in appendix I to this circular.

2. The balances are extracted from the audited financial information of Wisdom Sun Group for the period ended 30 June 2007 as set out in appendix II to this circular and were translated to Hong Kong dollars at translations rates of HK$1.0279 = RMB1 as at 30 June 2007 in respect of the unaudited pro forma balance sheet and HK$0.9771 = RMB1 as at 31 December 2006 in respect of the unaudited pro forma income statement and cash flow statement.

3. On 17 August 2007, the Group had entered into an agreement for the placing of 20,250,000 new shares of HK$0.92 each. Upon completion of the placing, the gross proceeds from the placing was approximately HK$18,630,000 and the net proceeds from the placing was approximately HK$18,300,000 which was used as the general working capital of the Group.

4. The cost of investment in subsidiaries paid by Wise Star and Honor Glory were provided by Mrs. Chao. On 30 October 2007, Wise Star entered into a series of share transfer agreements with Grand Great International Limited to acquire 100% interests in Huizhou Haijing, Qingdao Mould Products, Qingdao Xin Haijing, Qingdao Haijing and Hefei Haijing and also Honor Glory entered into a share transfer agreement with Grand Great International Limited to acquire 90% interests in Qingdao Paper Products. The acquisition cost paid by Wise Star was approximately HK$5,669,000 (Note 5), the acquisition cost paid by Honor Glory was approximately HK$139,000 (Note 5). After the acquisition, Wise Star and Honor Glory became the immediately holding company of those companies. Also, in accordance with the Wisdom Sun Acquisition, one of the conditions for the completion of the acquisition is to waive or capitalise the shareholder's loan from Mrs. Chao.

5. Being adjustment for recognition of negative goodwill of approximately HK$84,813,000 arising from the acquisition (Note 4). Under Hong Kong Financial Reporting Standard 3 "Business Combinations" ("HKFRS 3") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), the Group will apply the purchase method to account for the acquisition of all the subsidiaries in the consolidated financial statements of the Group. The amount of approximately HK$84,813,000 represents the excess of the cost of the business combination paid by Wise Star and Honor Glory over their interests in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiaries being acquired of approximately HK$90,621,000.

   The negative goodwill arising on the acquisition is calculated as follows:

	HK$'000
Total cost of the acquisition *(Note 4)*	5,808
Fair value of net assets of all the subsidiaries acquired as at 30 June 2007 *(Note 5b)*	90,621
Negative goodwill arising on the acquisition *(Note 5c)*	84,813

6. For the Wisdom Sun Acquisition, the fair value of the consideration for the acquisition is HK$171,965,517 satisfied as to: (i) HK$38,000,000 in cash, (ii) HK$133,965,517 by the allotment and issue of an aggregate of 120,689,655 Wisdom Sun Consideration Shares at an issue price of HK$1.11 each by Sino Haijing Holdings Limited to Haijing Holdings.

   An analysis of the total cost of the acquisition is set out as follows:

	Fair value
	HK$'000
Fair value of the consideration for the acquisition:	
– the portion satisfied in cash *(6a)*	38,000
– the portion satisfied by issue of shares *(6b)*	133,966
	171,966
Estimated expenses incurred directly on the acquisition *(6c)*	3,320
	175,286
Fair value of net assets acquired *(6e)*	99,754
Goodwill arising on the acquisition *(6f)*	75,532

(6a) For the the Wisdom Sun Acquisition, the HK$38,000,000 cash consideration will be settled in two installments in which HK$13,000,000 will be payable on completion of the Wisdom Sun Acquisition Agreement, and the other HK$25,000,000 will be payable within 12 months from the date of completion of the Wisdom Sun Acquisition Agreement.

(6b) For the Wisdom Sun Acquisition, the consideration of HK$133,965,517 will be satisfied by the issuing of 120,689,655 Wisdom Sun Consideration Shares by Sino Haijing Holdings Limited to Haijing Holdings at an issue price of HK$1.11 per Wisdom Sun Consideration Share.

(6c) The direct expenses of legal and professional services related to the acquisition, among others, and for the purpose of the preparation of this circular are estimated to be approximately HK$3,320,000.

(6d) According to the revaluation report prepared by Asset Appraisal Limited, the market value of buildings and land use right were revalued to RMB18,000,000 in aggregate. The land use right was revalued to approximately HK$9,940,000 leading to approximately HK$9,133,000 revaluation gain.

(6e) The assets and liabilities arising from acquisition are as follow:

	Fair value	**Acquiree's carrying amount**
	HK$'000	*HK$'000*
Property, plant and equipment	57,201	57,201
Land use right *(Note 6d)*	9,940	807
Construction in progress	826	826
Inventories	10,272	10,272
Notes receivable	8,577	8,577
Account receivables	45,439	45,439
Amounts due from related companies	29,711	29,711
Prepayments, deposits and other receivables	41,976	41,976
Cash and cash equivalents	4,365	4,365
Notes payables	(13,251)	(13,251)
Account payables	(24,138)	(24,138)
Accruals and other payables	(13,397)	(13,397)
Amount due to a related company	(7,181)	(7,181)
Inter-bearing bank and other borrowings	(48,313)	(48,313)
Income tax payable	(2,273)	(2,273)
	99,754	90,621

7. The cost of investment in Meiling Rongfeng paid by Yearfull International was provided by Mr. Chao. On 30 October 2007, Yearfull International entered into a share transfer agreement with Glory Full International Limited to acquire 65% interests in Meiling Rongfeng. The acquisition cost paid by Yearfull International was approximately HK$4,011,000. After the acquisition, Yearfull International became the immediate holding company of Meiling Rongfeng. Also, in accordance with the Dragon Vault Acquisition, one of the conditions for the completion of the acquisition is to waive or capitalise a shareholder's loan borrowed from Mr. Chao.

8. Being adjustment for recognition of goodwill of HK$38,000 arising on the acquisition (Note 7). Under HKFRS 3 issued by the HKICPA, the Group will apply the purchase method to account for the acquisition of Hefei Meiling Rongfeng in the consolidated financial statements of the Group. The amount of approximately HK$38,000 represents the excess of the cost of the acquisition of approximately HK$4,011,000 (Note 7) over the fair value of identifiable assets, liabilities and contingent liabilities of Meiling Rongfeng, amounting to approximately HK$3,934,000.

The goodwill arising on the acquisition is calculated as follows:

	HK$'000
Total cost of the acquisition	4,011
Fair value of net assets of all the subsidiaries acquired as at 30 June 2007 *(8a)*	3,973
Goodwill arising on the acquisition *(8b)*	38

9. For the Dragon Vault Acquisition, the fair value of the consideration for the acquisition is HK$7,000,000 satisfied as to HK$7,000,000 in cash.

An analysis of the total cost of the acquisition is set out as follows:

	Fair value *HK$'000*
Fair value of the consideration for the acquisition:	7,000
Estimated expenses incurred directly on the acquisition *(9a)*	–
	7,000
Fair value of net assets acquired *(9d)*	5,756
Goodwill arising on the acquisition *(9c)*	1,244

(9a) The cost was borne by Wisdom Sun Group.

(9b) According to the revaluation report prepared by Asset Appraisal Limited, the market value of buildings and land use right with the expended construction cost were revalued to RMB6,300,000. The land use right was revalued to approximately HK$6,534,000 leading to approximately HK$2,744,000 revaluation gain in which the Dragon Vault Group shared the gain of approximately HK$1,783,000.

(9d) The assets and liabilities arising from the acquisition are as follow:

	Fair value	Acquiree's carrying amount
	HK$'000	*HK$'000*
Property, plant and equipment	12	12
Land use right *(Note 9b)*	5,573	3,790
Construction in progress	383	383
Cash and cash equivalents	126	126
Amount due to a related company	(377)	(377)
Amount due to a director *(Note 7)*	–	–
	5,717	3,934
Minority interests (35%)	39	39
	5,756	3,973

10. For the period from 30 June 2007 to 13 November 2007, the current account with Innovis HK was reduced from approximately HK$10,337,000 to approximately HK$10,359,000. For the Innovis HK Disposal, one of the conditions for the completion of the disposal is the repayment of approximately HK$2,781,000 by Innovis HK to the Company. Upon the fulfillment of the repayment of HK$2,781,000, the Company shall waive the repayment of the remaining sum amounting to approximately HK$7,578,000 payable by Innovis HK to the Company.

11. The adjustment reflects the estimated gain on disposal of Innovis HK of HK$50,000. The gain is derived from the consideration of HK$50,000, while the carrying value of investment in Innovis HK is equal to zero.

12. Inter-group current accounts elimination.

MANAGEMENT DISCUSSION AND ANALYSIS

Six months ended 30 June 2007 compared with the six months ended 30 June 2006

Business Review

a) *The Group*

Turnover

For the six months ended 30 June 2007, the Group was principally engaged in the IBS solutions and maintenance and the sales of packaging materials. During this period, turnover was approximately HK$3.2 million, representing an increase of approximately 1.4%as compared with that for the corresponding period in 2006

Loss for the period

Loss attributable to equity holders was approximately HK$4,017,000 as compared with loss of approximately HK$2,511,000 for the corresponding period in 2006. The increase in loss attributable to shareholders was mainly due to (i) fierce competition in IBS industry, which led to continuous decline in gross profit margin of projects as a result of price war strategies adopted by IBS competitors and (ii) increase in impairment loss of trade and retention money receivables.

b) *Wisdom Sun Group*

Turnover

For the six months ended 30 June 2007,Wisdom Sun Group is mainly engaged in the business of production and sale of EPS and paper honeycomb packaging materials. During this period, turnover was approximately RMB114.7 million, representing an increase of approximately 14.2% as compared with that for the corresponding period in 2006.

Profit for the period

Profit attributable to equity holders was approximately RMB14.4 million as compared with profit of approximately RMB14.1 million for the corresponding period in 2006. The increase in turnover and profit during the period is due the increasing demand of EPS and paper honeycomb packaging materials.

Driven by China's strong economic growth and improving living standards, the demand for electrical products has been increasing. The cushion packaging materials is an inseparable part of packaging services required in the transportation of electrical products. Among the cushion packaging materials, EPS packaging materials is by far the most widely used and have a high market share in the cushion packaging materials market.

c) Dragon Vault Group

Dragon Vault Group has established as a joint venture enterprise, Meiling Rongfeng, with Hefei Meiling Group Holding Limited (合肥美菱集團控股有限公司). Hefei Meiling Group Holding Limited and its group of companies are engaged enterprise in electrical appliance production and sales. It is expected that Meiling Rongfeng will provide EPS packaging products to Hefei Meiling Group Holding Limited and its group of companies in the locality. The operation of Meiling Rongfeng is expected to commence at the end of 2007.

2006 compared with 2005

a) The Group

Turnover

Turnover of the Group for 2006 was approximately HK$4.5 million compared to HK$19.4 million in 2005, representing a decrease of 76.8%. The decrease was primarily due to the continuous sluggish Hong Kong construction market.

Loss for the year

Loss attributable to equity holders of the Group in 2005 was approximately HK$8.7 million whereas the loss attributable to equity holders of the Group was approximately HK$9.2 million in 2006. The increase in the loss attributable to shareholders was due to the decrease in turnover and increase in bad debts written off of trade debtors.

b) Wisdom Sun Group

Turnover

For the year ended 31 December 2006, turnover of Wisdom Sun Group amounted to RMB185.2 million, representing an increase of 2.9% from the previous year.

Profit for the period

Profit attributable to equity holders of Wisdom Sun Group for the year ended 31 December 2006 was approximately RMB21.8 million as compared with profit of approximately RMB14.8 million in 2005. The increase in turnover and profit during the period is due the increasing demand of EPS and paper honeycomb packaging materials.

2005 compared with 2004

a) The Group

Turnover

Turnover of the Group for 2005 was approximately HK$19.4 million compared to HK$26.1 million in 2004, representing a decrease of 25.7%. The decrease was primarily due to the continuous sluggish Hong Kong construction market.

Profit/Loss for the year

Profit attributable to equity holders of the Group in 2004 was approximately HK$20,000 whereas the loss attributable to equity holders of the Group was approximately HK$8.7 million in 2005. The loss attributable to shareholders in 2005 was due to (i) the decrease in turnover, (ii) increase in bad debts written off of trade debtors and (iii) increase of impairment loss in other receivables.

b) Wisdom Sun Group

Turnover

For the year ended 31 December 2005, turnover of Wisdom Sun Group amounted to RMB180.0 million, representing an increase of 23.8% from the previous year.

Profit for the period

Profit attributable to equity holders of Wisdom Sun Group for the year ended 31 December 2005 was approximately RMB14.8 million as compared with profit of approximately RMB2.7 million in 2004. The increase in turnover and profit during the period is due the increasing demand of EPS and paper honeycomb packaging materials.

Financial Position

a) The Group

As at 30 June 2007, the Group did not have any bank borrowings and none of the Group's assets were charged.

The gearing ratio of the Group for the period, which was based on the Group's total liabilities of approximately HK$4.9 million over the total assets of approximately HK$24.1 million, was approximately 20.3%.

The Group had no material contingent liabilities as at 30 June 2007.

b) Wisdom Sun Group

The gearing ratio of the Wisdom Sun Group for the period, which was based on the Group's total liabilities of approximately RMB105.6 million over the total assets of approximately RMB193.8 million, was approximately 54.48%.

The total assets pledged in securing the Group's interest-bearing bank and other borrowing had a net book value of approximately RMB52.3 million.

The Wisdom Sun Group had no material contingent liabilities as at 30 June 2007.

c) Dragon Vault Group

As at 30 June 2007, the Dragon Vault Group did not have any bank borrowings and did not have any pledge of assets.

The gearing ratio of the Dragon Vault Group for the period, which was based on the Group's total liabilities of approximately RMB0.4 million over the total assets of approximately RMB4.2 million, was approximately 8.8%.

The Dragon Vault Group had no material contingent liabilities as at 30 June 2007.

Employees and Remuneration Policies

a) The Group

As at 30 June 2007, the Group continued sub-contracting much of its works during the period in order to control internal costs, resulting in an adjustment in the number of staff in Hong Kong to 10 and 4 staff in PRC. Remuneration of Directors and staff were approximately HK$ 1.1 million (six months ended 30 June 2006: HK$ 1.2 million). Employees are remunerated based on their performances, experience and industry practices.

b) Wisdom Sun Group

The total number of employees of the subsidiaries of Wisdom Group as at 30 June 2007 was 831. Total remuneration paid to employees for the six months ended 30 June 2007 was approximately RMB4.3 million (six months ended 30 June 2006: RMB3.5 million). In addition, discretionary bonus was granted subject to the financial performance of the Wisdom Sun Group.

c) Dragon Vault Group

The total number of employees of the subsidiaries of Dragon Vault Group as at 30 June 2007 was 30. Total remuneration paid to employees and for the six months ended 30 June 2007 was approximately RMB37,000.

Business Prospect of the Group

The Group is, through Innovis HK, 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 war 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. The Group commenced the trading of EPS and other packaging materials in the PRC since 2007. The production of paper and honeycomb packaging materials is expected to commence its operation in December 2007.

For the nine months ended 30 September 2007, the Group's turnover for the IBS solutions and maintenance was approximately HK$1.2 million, while the Group's turnover for the sales of EPS and other packaging materials was approximately HK$6.4 million.

The Directors consider that the result of the Group's EPS packaging business since 2007 is very encouraging, and the Acquisitions present excellent opportunities for the Group to further develop in this line of business.

Driven by China's strong economic growth and improving living standards, the demand for electrical products has been increasing. The cushion packaging materials is an inseparable part of packaging services required in the transportation of electrical products. Among the cushion packaging materials, EPS packaging materials is by far the most widely used and have a high market share in the cushion packaging materials market. Hence, the Directors are optimistic on the business prospects and future growth of the EPS packaging industry.

The Directors are optimistic on the business prospects of Wisdom Sun Group. Based on the financial information available to the Directors, the net profit margin of Wisdom Sun Group increased from 9.06% in 2005 to 13.13% in 2006, and the profit attributable to shareholders for the year ended 31 December 2005 amounted to approximately RMB14,775,000, which represents a growth of approximately 446% over the year ended 31 December 2004, and the profit attributable to shareholders for the year ended 31 December 2006 amounted to approximately RMB21,797,000, which represents a growth of approximately 48% over the year ended 31 December 2005. The Directors consider that the profitability and the profit growth in Wisdom Sun Group in the past two years projected good business prospects of the Wisdom Sun Group.

The Wisdom Sun Group provides a good mixed of cushion packaging solutions. It comprises of companies with sound track record of manufacturing and sales of EPS and paper honeycomb packaging materials, as well as companies engaging in design and mould production services. With Wisdom Sun Group's established clientele comprising of certain famous electrical appliances manufacturers in the PRC and the high industry entry barrier for the integrated EPS packaging industry due to inter-dependence of electrical product manufacturers and packaging solution, the Directors believe that the business prospects of Wisdom Sun Group is promising.

The packaging industry is undergoing rapid consolidation and the Acquisitions present an excellent opportunity for the Group to expand its packaging business via inorganic growth. As the EPS packaging industry is a highly localized industry, the Wisdom Sun Group has expanded its business by establishing a new company in August 2007 in Dalian to serve its customers in nearby locality.

The Directors also consider that the newly incorporated Dalian Haijing may contribute steady flow of income leverage on the good relationship with one of the well-known electrical appliance manufacturers in the PRC whose production facilities are located in the same area with Dalian Haijing.

The acquisition of Dragon Vault Group is an opportunity for the Group to expand its EPS packaging business with a well-known electrical appliances manufacturer in the PRC, namely, Hefei Meiling Group Holding Limited, being the joint venture partner of Hefei Meiling Rongfeng.

In view of the sharing of operating loss of Innovis HK has brought an adverse impact on the Group's overall results and the promising future of the cushion packaging industry, the Directors expect that after the Disposal, the Company would be able to concentrate its resources in developing the Group's core business in the manufacturing of EPS, paper honeycomb, paper and other packaging materials to improve the results of the Group in the future.

The following is the text of a letter and valuation certificate, prepared for the purpose of incorporation in this circular received from Asset Appraisal Limited., an independent valuer, in connection with its valuation as at 30 September 2007 of the property interests held by the Resulting Group.

Asset Appraisal Limited
資產評值有限公司

Add Rm1303 13/F Beverly House
No. 93-107 Lockhart Road Wanchai HK
地址 香港灣仔駱克道93-107號13字樓1303室
Tel (852) 3528 7129
Tel (852) 3521 9591

17 December 2007

The Directors
Sino Haijing Holdings Limited
Room 2412 on 24th Floor
Wing On Centre
111 Connaught Road Central
Hong Kong

Dear Sirs,

Re: Valuation of Various Properties in the People's Republic of China (the "PRC") and in Hong Kong

In accordance with the instructions from **Sino Haijing Holdings Limited** (referred to as "the Company") for us to assess the market values of the property interests (hereinafter referred to as "the Properties") held by the Company or its subsidiaries (together referred to as "the Group") or the Target Group (altogether referred to as the "Resulting Group") as at **30 September 2007** (referred to as "the valuation date"), we confirm that we have inspected the Properties, made relevant enquiries and obtained such information as we consider necessary for the purpose of providing you with our opinion of the market values of the Properties.

Basis of Valuation

Our valuation of the Properties represents the market value which we would define as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion".

Valuation Methodology

Due to the nature of the buildings and structures of the properties numbered 1 where no readily transaction market can be identified, our valuation has been based on the depreciated replacement cost method by which market value of the property is represented by its depreciated replacement costs (DRC). For building portion of the property, DRC is defined as the gross replacement cost of the buildings, from which appropriate deductions may then be made to allow for age, condition, economic/external and functional obsolescence and environmental factors etc.. For the land portion of the property, we have made reference to similar transactions of land in the locality and the published standard land prices from the Government for land of similar land use. The depreciated replacement costs of the property are subject to adequate potential profitability of the concerned business.

We have attributed no commercial value to the properties rented by the Resulting Group due either to the short term nature of the leasehold interest in the properties or the prohibition against assignment or sub-letting or otherwise due to the lack of substantial profit rent.

TITLESHIP

We have been provided with copies of legal documents regarding the Properties. Further, we have relied upon the legal opinion (the "PRC Legal Opinion") provided by the PRC legal advisers, namely Shu Jin Law Firm (廣東信達律師事務所) and Anhui Hesen Law Office (安徽禾森律師事務所) to the Company on the relevant laws and regulations in the PRC, on the nature of land use rights or leasehold interests in the Properties. Its material content has been summarized in the valuation certificate attached herewith.

Limiting Conditions

No allowance has been made in our report for any charges, mortgages or amounts owing on the Properties nor for any expenses or taxation which may be incurred in effecting a sale. It is assumed that the Properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its value. Our valuations have been made on the assumption that the seller sells the Properties on the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the Properties.

In valuing the Properties, we have complied with all the requirements contained in Chapter 8 of GEM Listing Rules; of Hong Kong Limited; the RICS Appraisal and Valuation Standards (5th Edition) published by The Royal Institution of Chartered Surveyors and effective from May 2003; and the HKIS Valuation Standards on Properties (First Edition 2005) published by The Hong Kong Institute of Surveyors effective from 1st January 2005.

We have relied to a very considerable extent on the information given by the Company and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have not carried out detailed site measurements to verify the correctness of the building and site areas in respect of the Properties but have assumed that the areas shown on the documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations.

We have inspected the exterior and, where possible, the interior of the buildings and structures of the Properties. However, no structural survey has been made for them. In the course of our inspection, we did not note any apparent defects. We are not, however, able to report whether the buildings and structures inspected by us are free of rot, infestation or any structural defect. No test was carried out on any of the building services and equipment. Further, we must point out that we have not carried out site investigations to determine the suitability of the ground conditions or the services for any property development thereon. Our valuation is on the basis that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. We have also sought confirmation from the Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

All monetary sums stated in this report are in Renminbi (RMB).

Our valuation certificate is attached herewith.

Yours faithfully,
for and on behalf of
Asset Appraisal Ltd.
Sandra Lau
MFin MHKIS AAPI RPS(GP)
Director

Sandra Lau is a member of the Hong Kong Institute of Surveyors, an Associate of the Australian Property Institute and a Registered Professional Surveyor in General Practice. She is on the list of Property Valuers for Undertaking Valuations for Incorporation or Reference in Listing Particulars and Circulars and Valuations in Connection with Takeovers and Mergers of the Hong Kong Institute of Surveyors, Registered Business Valuer under the Hong Kong Business Forum and has over 10 years' experience in valuation of properties in Hong Kong, in Macau and in the PRC.

SUMMARY OF VALUATION

	Property	Market Value in existing state as at 30 September 2007 *RMB*
Group I – Property held and occupied by the Target Group		
1.	Factory Complex at the junction of Furong Road and Yuping Road Hefei Economic and Technological Development Zone Hefei City Anhui Province the PRC	18,000,000
Group II – Property held by the Group under development		
2.	Development Site at Ziyun Road Taohua Industrial Base Hefei Economic and Technological Development Zone Hefei City Anhui Province the PRC	11,740,000
Group III – Property held by the Target Group under development		
3.	Development Site at Wolong Road Taohua Industrial Base Hefei Economic and Technological Development Zone Hefei City Anhui Province the PRC	10,960,000
Group IV – Properties rented by the Target Group		
4.	Factory Complex of Qingdao Haijing Packing Materials Co., Ltd. Shangzang Village Jiushui Road Licang District Qingdao City Shangdong Province the PRC	No commercial value

5.	Factory Complex of Qingdao Haijing Mould Products Company Limited Shangzang Village Jiushui Road Licang District Qingdao City Shangdong Province the PRC	No commercial value
6.	Factory Complex of Qingdao Xinhaijing Packing Materials Co., Ltd. Dayin Village Hongshiya Jiaonan District Qingdao City Shangdong Province the PRC	No commercial value
7.	Factory Building of Qingdao Haijing Paper Products Company Limited at Shangzang Village Jiushui Road Licang District Qingdao City Shangdong Province the PRC	No commercial value
8.	Factory Complex of Qingdao Haijing Paper Products Company Limited Dayin Village Hongshiya Jiaonan District Qingdao City Shangdong Province the PRC	No commercial value
9.	Factory Complex of Dalian Haijing Packing Materials Co., Ltd. Block 1 No. 4 Industrial Park Export Processing Zone Dalian City Liaoning Province the PRC	No commercial value

10.	Office on 1st Floor Office Building of Hui Zhou Jinghua Packing Materials Co., Ltd Lianfa Avenue Tongqiao Town Huizhou City Guangdong Province the PRC	No commercial value

Group V – Property rented by the Group

11.	Room 2412 on 24th Floor Wing On Centre 111 Connaught Road Central Hong Kong	No commercial value
	Total:	40,700,000

VALUATION CERTIFICATE

GROUP I – PROPERTY HELD AND OCCUPIED BY THE TARGET GROUP

	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2007 *RMB*
1.	Factory Complex at the junction of Furong Road and Yuping Road, Hefei Economic and Technological Development Zone, Hefei City Anhui Province the PRC	The property comprises a parcel of industrial land with an area of 27,426.70 square metres on which a single-storey industrial building and various single-storey ancillary buildings are erected. The aforesaid buildings were all completed in 2001. The total gross floor area of the aforesaid buildings is 12,999.76 square metres. The property is held for a land use right term expiring on 16 January 2051.	As at the date of our inspection, the property was occupied by the Company as workshops, warehouses and ancillary office.	18,000,000

Notes:

1. As stipulated in the Land Use Right Certificate (reference no. He Jing Qu Guo Yong (2002) Zhi No. 004) (合經區國用(2002)字第004) dated 2 March 2001 and the Building and Land Ownership Certificate (ref. no. Fang Di Quan He Chan Zhi No. 011079) (房地權合產字第011079) dated 10 April 2002, the property is held by Hefei Haijing Packaging Material Co., Ltd. (合肥海景包裝制品有限公司), a wholly-owned subsidiary of the Target Group, for a land use right term expiring on 16 January 2051 for industrial purpose.

2. As stipulated in the Land Use Rights Encumbrance Certificate reference no. He Ta Xiang (2005) No. 177 (合他項(2005)第177) dated 18 October 2005 and Real Estate Encumbrance Certificate (ref no. Fang Di Quan He Chan Ta Zhi No. 030600) (房地權合產他字第030600) dated 30 September 2005, the property is subject to a mortgage in favour of Bank of China - Anhui Branch.

3. We have been provided with a legal opinion regarding the property by the Company's PRC legal advisers, which contains, *inter alia*, the followings:

   3.1 Hefei Haijing Packaging Material Co., Ltd. has obtained the Land Use Rights Certificate and Building and Land Ownership Certificate for the property and is the owner of the property;

   3.2 the property is subject to a mortgage; and

   3.3 the owner of the property has the rights to use, occupy, lease or otherwise dispose of the property and his right are protected by law.

4. The status of the title and grant of major approvals and licences in accordance with the information provided by the Resulting Group and the opinion of the Company's legal advisers on the PRC law is as follows:

Land Use Right Certificate	Yes
Building Ownership Certificate	Yes
Red-line Drawing	Yes

VALUATION CERTIFICATE

GROUP II – PROPERTY HELD BY THE GROUP UNDER DEVELOPMENT

	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2007 *RMB*
2.	Development Site at Ziyun Road, Taohua Industrial Base Hefei Economic and Technological Development Zone, Hefei City Anhui province the PRC	The property comprises a parcel of industrial land with an area of 41,333.54 square metres on which a single-storey industrial building, two single-storey warehouse buildings and a single-storey dormitory building are being built. As per our site inspection, construction works for the aforesaid buildings were in progress. As advised, they are scheduled for completion by the end of 2007. Upon completion, the property will provide a total gross floor area of 21,849.10 square metres. The property is intended to be demised for a land use right term of 50 years commencing on the date of the Land Use Rights Certificate to be issued.	As at the date of our inspection, the property was vacant.	11,740,000

Notes:

1. As stated in an Agreement entered into between the Management Committee of Hefei Economic and Technological Development Zone of Taohua Industrial Base (合肥經濟技術開發區桃花工業園管理委員會) (an independent third party of the Resulting Group) (Party A) and Hefei Qi Peng Paper Products Company Limited (合肥啟鵬紙製品有限公司), a wholly-owned subsidiary of the Group, (Party B), Party A agreed to assign and Party B agreed to acquire the land use rights in the Property for a term of 50 years commencing from the date of the Land Use Rights Certificate to be issued to Party B in due course at a consideration of RMB3,398,100. As confirmed by the Company, a sum of RMB2,378,700 of the aforesaid land purchase price has been settled.

2. As mentioned in the said Agreement, the Property is designated for industrial use.

3. As confirmed by the Company, the total construction cost and construction cost expended to the property as at the valuation date are approximately RMB6,200,000 and RMB2,440,000 respectively.

4. The market value of the property as if it were fully completed on the valuation date is RMB15,500,000.

5. We have been provided with a legal opinion regarding the property by the Company's PRC legal advisers, which contains, inter alia, the followings:

   5.1 The authorization letter issued by Hefei Taohua Industrial Base Economic Development Company Limited authorizing the Management Committee of Hefei Economic and Technological Development Zone Taohua Industrial Base to execute land transfer agreement with Hefei Qi Peng Paper Products Company Limited is legal and valid.

   5.2 The sale and purchase agreement dated 29 December 2006 entered into between the Management Committee of Hefei Economic and Technological Development Zone Taohua Industrial Base and Hefei Qi Peng Paper Products Company Limited is legally valid.

   5.3 The Management Committee of Hefei Economic and Technological Development Zone Taohua Industrial Base has been authorized by the People's Government to dispose the property on the market.

   5.4 Upon completion land transfer procedure, the Land Use Rights Certificate can be obtained by Hefei Qi Peng Paper Products Company Limited for a term of 50 years;

   5.5 After the acquisition of the land use rights in the property, Hefei Qi Peng Paper Products Company Limited's interests in land shall be free from any legal impediment and land premium payment.

   5.6 The Property is free from any encumbrance.

   5.7 Upon obtaining Land Use Certificate and subject to the permitted land use, Hefei Qi Peng Paper Products Company Limited is allowed to lease, assign and mortgage the Property.

6. The status of the title and grant of major approvals and licences in accordance with the information provided by the Group and the opinion of the Company's legal advisers on the PRC law is as follows:

Land Use Rights Certificate	to be issued
Building Ownership Certificate	to be issued
Red-line Drawing :	Yes

VALUATION CERTIFICATE

GROUP III – PROPERTY HELD BY THE TARGET GROUP UNDER DEVELOPMENT

	Property	Description	Particulars of occupancy	Market Value in existing state as at 30 September 2007 *RMB*
3.	Development Site at Wolong Road, Taohua Industrial Base Hefei Economic and Technological Development Zone, Hefei City Anhui Province the PRC	The property comprises a parcel of industrial land with an area of 27,844 square metres on which a single-storey industrial building, a single-storey guard house and a 5-storey dormitory building are being built. As per our site inspection, construction works for the aforesaid buildings were in progress. As advised, they are scheduled for completion by the end of 2007. Upon completion, the property will provide a total gross floor area of 18,542.23 square metres. The property is held for a land use right term expiring on 29 July 2056.	As at the date of our inspection, the property was vacant.	10,960,000

Notes:

1. As stated in an Agreement entered into between the Management Committee of Hefei Economic and Technological Development Zone of Taohua Industrial Base (合肥經濟技術開發區桃花工業園管理委員會) (an independent third party of the Resulting Group) (Party A) and Hefei Mei Ling Rong Feng Packing Materials Company Limited (合肥美菱榮豐包裝制品有限公司), a 65%-owned subsidiary of the Target Group, (Party B), Party A agreed to assign and Party B agreed to acquire the land use rights in the Property for a term of 50 years commencing from the date of the Land Use Right Certificate to be issued to Party B in due course at a consideration of RMB3,546,730. As confirmed by the Company, the aforesaid land purchase price has been settled.

2. As stipulated in the Land Use Rights Certificate (ref. no. Fei Xi Guo Yong (2007) Di1506), the land use rights of the property is held by Hefei Mei Ling Rong Feng Packing Materials Company Limited for a term expiring on 29 July 2056 for industrial purpose.

3. As confirmed by the Company, the total construction cost and construction cost expended to the property as at the valuation date are approximately RMB10,760,000 and RMB4,660,000 respectively.

4. The market value of the property as if it were fully completed on the valuation date is RMB17,060,000.

5. We have been provided with a legal opinion regarding the Property by the Company's PRC legal advisers, which contains, *inter alia*, the followings:

   5.1 Hefei Mei Ling Rong Feng Packing Materials Company Limited has obtained the Land Use Rights Certificate of the property and is the landlord of the property; and

   5.2 Upon Completion of the subject development, the subject land can be leased, disposed or charged.

6. The status of the title and grant of major approvals and licences in accordance with the information provided by the Group and the opinion of the Company's legal advisers on the PRC law is as follows:

Land Use Rights Certificate	Yes
Building Ownership Certificate	to be issued
Red-line Drawing :	Yes

VALUATION CERTIFICATE

GROUP IV – PROPERTIES RENT BY THE TARGET GROUP

	Property	Description	Particulars of occupancy	Market Value in existing state as at 30 September 2007 *RMB*
4.	Factory Complex of Qingdao Haijing Packing Materials Co., Ltd. Shangzang Village Jiushui Road Licang District Qingdao City, Shangdong Province the PRC	The property comprises a parcel of land with an area of 16,586.00 square metres on which a 4-storey office building, a 4-storey dormitory building, 3 single-storey industrial buildings and two single-storey ancillary buildings are erected. Those buildings were completed in 1997. The aforesaid buildings have a total gross floor area of approximately 12,097.00 square metres. The property is held by the Resulting Group under a tenancy for a term of 10 years commencing on 15 June 2000 and expiring on 30 June 2010 at a current annual rent of RMB1,317,320.-.	The property is currently occupied by the Resulting Group for production, dormitory and ancillary office purposes.	No commercial value

Notes:

1. Pursuant to a tenancy agreement dated 3 August 2006, Qingdao Haijing Packing Materials Co., Ltd. (青島海景包裝制品有限公司), a wholly-owned subsidiary of the Target Group, rented the property from the Shangzang Community of the Subdistrict Office of Jiushui Road of Licang District, Qingdao City (青島市李滄區九水路街道辦事處上臧社區) (the “Community”) (an independent third party of the Resulting Group).

2. We have been provided with a legal opinion regarding the Property by the Company’s PRC legal advisers, which contains, *inter alia*, the followings:

   2.1 the Shangzang Community of the Subdistrict Office of Jiushui Road of Licang District, Qingdao City has not obtained the Land Use Rights Certificate and Building Ownership Certificate of the property;

2.2 the land use rights of the property are in the nature of administrative allocation. Hence, the property is prohibited from being transferred, leased or mortgaged; and

2.3 By virtue of a Guarantee dated 6 December 2007, the Community warrants that:

i. the Community has the absolute right to let the property;

ii. the Community shall indemnify Qingdao Haijing Packing Materials Co., Ltd. any claim from third party for any kind of loss including but not limited to compensation, fine and other out-of-pocket expenses due to repossession of property by that third party or the cessation of the Community's rights to let the property; and

iii. in any event where situation as mentioned in (ii) above is occurred, the Community shall be responsible for any consequential damages and loss suffered by Qingdao Haijing Packing Materials Co., Ltd.

VALUATION CERTIFICATE

	Property	Description	Particulars of occupancy	Market Value in existing state as at 30 September 2007 *RMB*
5.	Factory Complex of Qingdao Haijing Mould Products Company Limited Shangzang Village Jiushui Road Licang District Qingdao City Shangdong Province the PRC	The property comprises a parcel of industrial land with an area of 2,291.88 square metres on which a single-storey industrial building and a single-storey office are erected. The buildings were completed in 2007. The aforesaid buildings have a total gross floor area of approximately 1,782.14 square metres. The property is held by the Resulting Group under a tenancy for a term commencing on 15 April 2007 and expiring on 14 April 2012 at an annual rent of RMB90 per square metre.	The property is currently occupied by the Resulting Group for production and ancillary office purposes.	No commercial value

Notes:

1. Pursuant to a tenancy agreement dated 11 April 2007, Qingdao Haijing Mould Products Company Limited (青島海景模具制品有限公司), a wholly-owned subsidiary of the Target Group, rented the property from Xin Hua Yang (辛華洋) and Wang Zhan You (王占友) (the independent third parties of the Resulting Group) (together referred to as "the Lessors") .

2. We have been provided with a legal opinion regarding the Property by the Company's PRC legal advisers, which contains, inter alia, the followings:

   2.1 no title certificate of the property has been produced to the PRC legal advisor;

   2.2 under the prevailing law, title certificate is the sole legal documentation in proving property title and conferring the rights to possess, use, deriving benefit from and dispose of the property; and

   2.3 By virtue of a Guarantee dated 6 December 2007, the Lessors warrant that:

   i the Lessors have the absolute right to let the property;

   ii the Lessors shall indemnify Qingdao Haijing Mould Products Company Limited any claim from third party for any kind of loss including but not limited to compensation, fine and other out-of-pocket expenses due to repossession of property by that third party or the cessation of the Lessors's rights to let the property; and

   iii in any event where situation as mentioned in (ii) above is occurred, the Lessors shall be responsible for any consequential damages and loss suffered by Qingdao Haijing Mould Products Company Limited.

VALUATION CERTIFICATE

	Property	Description	Particulars of occupancy	Market Value in existing state as at 30 September 2007 *RMB*
6.	Factory Complex of Qingdao Xinhaijing Packing Materials Co., Ltd. Dayin Village Hongshiya Jiaonan District Qingdao City, Shangdong Province the PRC	The property comprises a parcel of industrial land with an area of 18,326 square metres on which a single-storey industrial building, a single-storey warehouse, a single-storey office building, a 3-storey dormitory building and various single-storey ancillary buildings are erected in 2004. The aforesaid buildings have a total gross floor area of approximately 13,007 square metres. The property is held by the Resulting Group under a tenancy for a term of 6 years commencing on 15 April 2004 at an annual rent of RMB1,028,320.	The property is currently occupied by the Resulting Group for production, dormitory and ancillary office purposes.	No commercial value

Notes:

1. As stipulated in the Land Use Rights Certificate (ref. no. Nan Guo Yong (2001) Zi Di 4705), the subject land is held by 青島集成工貿有限公司 (an independent third party of the Resulting Group) for a term expiring on 12 December 2006.

2. Pursuant to a tenancy agreement and a supplementary tenancy agreement dated 30 October 2003 and 18 March 2004 respectively, Qingdao Xinhaijing Packing Materials Co., Ltd. (青島新海景包裝制品有限公司), a wholly-owned subsidiary of the Target Group, rented the property from 青島集成工貿有限公司 (referred to as "the Lessor") .

3. We have been provided with a legal opinion regarding the property by the Company's PRC legal advisers, which contains, *inter alia*, the followings:

   3.1 no Building Ownership Certificate of the property has been produced to the PRC legal advisor; and

3.2 By virtue of a Guarantee dated 6 December 2007, the Lessor warrants that:

i. the Lessor has the absolute right to let the property;

ii. the Lessor shall indemnify Qingdao Xinhaijing Packing Materials Co., Ltd. any claim from third party for any kind of loss including but not limited to compensation, fine and other out-of-pocket expenses due to repossession of property by that third party or the cessation of the Lessor's rights to let the property; and

iii. in any event where situation as mentioned in (ii) above is occurred, the Lessor shall be responsible for any consequential damages and loss suffered by Qingdao Xinhaijing Packing Materials Co., Ltd.

VALUATION CERTIFICATE

	Property	Description	Particulars of occupancy	Market Value in existing state as at 30 September 2007 *RMB*
7.	Factory Building of Qingdao Haijing Paper Products Company Limited at Shangzang Village Jiushui Road Licang District Qingdao City Shangdong Province the PRC	The property comprises an industrial building with a total gross floor area of approximately 1,783 square metres. The building was completed in 1997. The property is held by the Resulting Group under a tenancy for a term commencing on 7 August 2006 and expiring on 30 June 2010 at an annual rent of RMB160,470.	The property is currently occupied by the Resulting Group for production purposes.	No commercial value

Notes:

1. Pursuant to a tenancy agreement dated 7 August 2006, Qingdao Haijing Paper Products Company Limited (青島海景紙制品有限公司), a wholly-owned subsidiary of the Target Group, rented the property from the Shangzang Community of the Subdistrict Office of Jiushui Road of Licang District, Qingdao City（青島市李滄區九水路街道辦事處上臧社區）(an independent third party of the Resulting Group) (the "Community").

2. We have been provided with a legal opinion regarding the property by the Company's PRC legal advisers, which contains, inter alia, the followings:

   2.1 the Shangzang Community of the Subdistrict Office of Jiushui Road of Licang District, Qingdao City has not obtained the Land Use Rights Certificate and Building Ownership Certificate of the property; and

   2.2 the land use rights of the property are in the nature of administrative allocation. Hence, the property is prohibited from being transferred, leased or mortgaged; and

   2.3 By virtue of a Guarantee dated 6 December 2007, the Community warrants that:

      i. the Community has the absolute right to let the property;

      ii. the Community shall indemnify Qingdao Haijing Paper Products Company Limited any claim from third party for any kind of loss including but not limited to compensation, fine and other out-of-pocket expenses due to repossession of property by that third party or the cessation of the Community's rights to let the property; and

      iii. in any event where situation as mentioned in (ii) above is occurred, the Community shall be responsible for any consequential damages and loss suffered by Qingdao Haijing Paper Products Company Limited.

VALUATION CERTIFICATE

	Property	Description	Particulars of occupancy	Market Value in existing state as at 30 September 2007 *RMB*
8.	Factory Complex of Qingdao Haijing Paper Products Company Limited Dayin Village Hongshiya Jiaonan District Qingdao City Shangdong Province the PRC	The property comprises a parcel of industrial land on which a single-storey industrial building, a two storey warehouse building and a two-storey office building are erected. The buildings were completed in 2006. The aforesaid buildings have a total gross floor area of 5,112 square metres. The property is held by the Resulting Group under a tenancy for a term commencing on 1 November 2006 and expiring on 1 May 2010 at an annual rent of RMB500,000.	The property is currently occupied by the Resulting Group for office and production purposes.	No commercial value

Notes:

1. As stipulated in the Land Use Rights Certificate (ref. no. Nan Guo Yong (2001) Zi Di 4705), the subject land is held by 青島集成工貿有限公司 (an independent third party of Resulting Group) for a term expiring on 12 December 2006.

2. Pursuant to a tenancy agreement dated 25 October 2007, Qingdao Haijing Paper Products Company Limited (青島海景紙制品有限公司), a wholly-owned subsidiary of the Target Group, rented the property from Qingdao Jicheng Industrial and Trading Co. Ltd.青島集成工貿有限公司 (referred to as "the Lessor").

3. We have been provided with a legal opinion regarding the property by the Company's PRC legal advisers, which contains, *inter alia*, the followings:

   3.1 no Building Ownership Certificate of the property has been produced to the PRC legal advisor; and

3.2 By virtue of a Guarantee dated 6 December 2007, the Lessor warrants that:

i. the Lessor has the absolute right to let the property;

ii. the Lessor shall indemnify Qingdao Haijing Paper Products Company Limited any claim from third party for any kind of loss including but not limited to compensation, fine and other out-of-pocket expenses due to repossession of property by that third party or the cessation of the Lessor's rights to let the property; and

iii. in any event where situation as mentioned in (ii) above is occurred, the Lessor shall be responsible for any consequential damages and loss suffered by Qingdao Haijing Paper Products Company Limited.

VALUATION CERTIFICATE

	Property	Description	Particulars of occupancy	Market Value in existing state as at 30 September 2007 *RMB*
9.	Factory Complex of Dalian Haijing Packing Materials Co., Ltd. Block 1 No. 4 Industrial Park Export Processing Zone Dalian City Liaoning Province the PRC	The property comprises a parcel of land on which a single-storey industrial building and various single-storey ancillary buildings are erected. The buildings were completed in 2007. The aforesaid buildings have a total gross floor area of 3,975.97 square metres. The property is held by the Resulting Group under a tenancy for a term of 3 years commencing on 1 September 2007 and expiring on 31 August 2010 at an annual rent of RMB725,614.53.	The property is currently occupied by the Resulting Group for office and production purposes.	No commercial value

Notes:

1. Pursuant to a tenancy agreement dated 30 July 2007, Dalian Haijing Packing Materials Co., Ltd.（大連海景包裝制品有限公司）, Ltd., a wholly-owned subsidiary of the Target Group, rented the property from the State-owned Assets Management Centre of the Dalian Free Trade Zone（大連保稅區國有資產管理中心）(an independent third party of the Resulting Group) (referred to as "the Lessor").

2. We have been provided with a legal opinion regarding the property by the Company's PRC legal advisers, which contains, *inter alia*, the followings:

   2.1 no title certificate of the property has been produced to the PRC legal advisor;

   2.2 under the prevailing law, title certificate is the sole legal documentation in proving property title and conferring the rights to possess, use, deriving benefit from and dispose of the property; and

   2.3 By virtue of a Guarantee dated 6 December 2007, the Lessor warrants that:

      i. the Lessor has the absolute right to let the property;

      ii. the Lessor shall indemnify Dalian Haijing Packing Materials Co., Ltd. any claim from third party for any kind of loss including but not limited to compensation, fine and other out-of-pocket expenses due to repossession of property by that third party or the cessation of the Lessor's rights to let the property; and

      iii. in any event where situation as mentioned in (ii) above is occurred, the Lessor shall be responsible for any consequential damages and loss suffered by Dalian Haijing Packing Materials Co., Ltd.

VALUATION CERTIFICATE

	Property	Description	Particulars of occupancy	Market Value in existing state as at 30 September 2007 *RMB*
10.	Office on 1st Floor Office Building of Hui Zhou Jinghua Packing Materials Co., Ltd Lianfa Avenue Tongqiao Town Huizhou City Guangdong Province the PRC	The property comprises an office unit on 1st floor of a 2-storey office building completed in 2007. The property has a gross floor area of approximately 120 square metres. The property is held by the Resulting Group under a licence for a term of 10 years commencing on 16 April 2007 and expiring on 15 April 2017 free of charge.	The property is currently occupied by the Resulting Group as office.	No commercial value

Notes:

1. As stipulated in the Land Use Rights Certificate (ref. no. Hui Fu Guo Yong (2006) Di 13021500059) and Building and Land Ownership Certificate (ref. no. Yue Fang Di Zhen Zi Di (5558444), the property is held by 惠州景華包裝制品有限公司 (a company wholly owned by the controlling shareholder of the Company) for a term of expiring on 3 April 2056 for industrial purpose.

2. Pursuant to a licence agreement dated 15 April 2007, (海景包裝設計開發)惠州)有限公司), a wholly-owned subsidiary of the Target Group, rented the property from 惠州景華包裝制品有限公司.

3. We have been provided with a legal opinion regarding the property by the Company's PRC legal advisers, which contains (Lessor), inter alia, the followings:

   3.1 惠州景華包裝制品有限公司 has obtained the Building and Land Ownership Certificate of the property and is the landlord of the property; and

   3.2 惠州景華包裝制品有限公司 has the rights to lease the property.

VALUATION CERTIFICATE

GROUP V – PROPERTY RENTED BY THE GROUP

	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2007 *RMB*
11.	Room 2412 on 24th Floor Wing On Centre 111 Connaught Road Central Hong Kong	The property comprises an office unit on 24th floor of a 26-storey office tower surmounting a 4 level commercial podium plus a basement underneath. The subject building was completed in 1977. The gross floor area of the property is approximately 114.27 square metres (1,230 square feet). The property is rent by the Resulting Group for a term of 3 years commencing on 7 October 2005 and expiring on 6 October 2008 at a monthly rent of HK$25,830 exclusive of management fee and other outgoings.	The property is currently occupied by the Resulting Group as an office.	No commercial value

Notes:

1. The registered owner of the property is The Wing On Co., Ltd. (an independent third party of the Resulting Group) via Government Lease of Inland Lot No. 7916.

2. Pursuant to a tenancy agreement dated 13 October 2005, the property is rented by Loyal Pacific International Limited (a wholly-owned subsidiary of the Company) from The Wing On Company Limited for a term of 3 years commencing on 7 October 2005 and expiring on 6 October 2008 at a monthly rent of HK$25,830.

PROPERTY RECONCILIATION

Property	(Property 1) Factory Complex at the junction of Furong Road and Yuping Road Hefei Economic and Technological Development Zone Hefei City, Anhui Province, the PRC	(Property 3) Development Site at Wolong Road Taohua Industrial Base Hefei Economic and Technological Development Zone Hefei City Anhui Province the PRC
Carrying value as at 30 June 2007 *(Note 1)*	RMB9,276,000	RMB8,347,000
Depreciation for the period from 30 June 2007 to 30 September 2007 *(Note 2)*	RMB(127,000)	RMB(18,000)
Currency realignment for the period from 30 June 2007 to 30 September 2007	N/A	N/A
Carrying value as at 30 September 2007 *(Note 3)*	RMB9,149,000	RMB8,329,000
Revaluation Surplus of 100% property interest *(Note 6)*	RMB8,851,000	RMB2,631,000
Valuation Report as at 30 September 2007	RMB18,000,000	RMB10,960,000

Notes:–

1. extracted from the management account of the Company for the period ended 30 June 2007. Carrying value of Property 2 (which is owned by the Group as at the valuation date) has been stated in the audited account of the Group for nine months ended 30 September 2007 as exhibited in Appendix I to the Circular.

2. extracted from the management account of the Company for the period ended 30 September 2007

3. extracted from the management account of the Company for the period ended 30 September 2007

4. pursuant to the revaluation of the properties (see valuation report exhibited in Appendix IV to the Circular).

1. RESPONSIBILITY STATEMENT

This circular, 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:

(a) the information contained in this circular is accurate and complete in all material respects and is not misleading;

(b) there are no other matters the omission of which would make any statement in this circular misleading; and

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

2. SHARE CAPITAL

As at the Latest Practicable Date, the authorized and issued share capital of the Company were, and those immediately following the allotment and issue of the Wisdom Sun Consideration Shares will be, as follows:

As at the Latest Practicable Date

Authorised share capital:	*HK$*
1,000,000,000 Shares	100,000,000
Issued and fully paid, or credited as fully paid, share capital:	
121,500,000 Shares	12,150,000

Immediately following the allotment and issue of the Wisdom Sun Consideration Shares

Authorised share capital:	*HK$*
1,000,000,000 Shares	100,000,000
Issued and fully paid, or credited as fully paid, share capital:	
121,500,000 Shares in issue as at the Latest Practicable Date	12,150,000
120,689,655 Wisdom Sun Consideration Shares	12,068,965
242,189,655 Shares	24,218,965

All the issued Shares rank pari passu in all respects with each other including the rights to dividends, voting and return of capital. The Wisdom Sun Consideration Shares to be allotted and issued will, when issued and fully paid, rank pari passu in all respects with the then existing Shares in issue on the date of allotment of the Wisdom Sun Consideration Shares.

3. INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES

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 in the Company

Name of director	Capacity	Number of Shares	Approximate percentage of the issued share capital of the Company
		(Note 1)	%
Mr. Chao	Interest of controlled corporation	172,599,005(L) *(Note 2)*	142.06
	Beneficial interest	9,030,000(L)	7.43

Notes:

1. The letter "L" represents the person's interests in Shares or underlying Shares.

2. These Shares comprise 120,689,655 Wisdom Sun Consideration Shares that are to be allotted and issued upon Wisdom Sun Completion. All the Shares are legally owned by Haijing Holdings, a company wholly owned by Mr. Chao. By virtue of his 100% shareholding interest in Haijing Holdings, Mr. Chao is taken to be interested in all the Shares held by Haijing Holdings pursuant to 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.

4. INTERESTS OF SUBSTANTIAL SHAREHOLDER

(a) 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	Approximate percentage of the issued share capital of the Company %
Haijing Holdings	Beneficial owner	172,599,005 *(Note 1)*	142.06
Mrs. Chao	Interest of spouse	181,629,005 *(Note 2)*	149.49

Notes:

1. These Shares comprise 120,689,655 Wisdom Sun Consideration Shares that are to be allotted and issued upon Wisdom Sun Completion. Haijing Holdings is a company wholly owned by Mr. Chao.

2. Mrs. Chao is the spouse of Mr. Chao, hence Mrs. Chao is taken to be interested in all the Shares held or deemed to be held by Mr. Chao pursuant to the SFO.

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.

(b) So far as was known to the Directors, as at the Latest Practicable Date, the following person was the owner of 10% or more of the shareholding of a member of the Resulting Group:

Name of member of the Resulting Group	Name of shareholder	Percentage of shareholding
Wisdom Sun	Mrs. Chao	100%
Wise Star	Wisdom Sun	100%
Honor Glory	Wisdom Sun	100%
Huizhou Haijing	Wise Star	100%
Qingdao Haijing Mould Products	Wise Star	100%
Qingdao Xinhaijing	Grand Great International Limited	100%
Qingdao Haijing	Wise Star	100%
Qingdao Haijing Paper	Qingdao Haijing	10%
Qingdao Haijing Paper	Grand Great International Limited	90%
Hefei Haijing	Wise Star	100%
Dalian Haijing	Hefei Haijing	100%
Dragon Vault	Mr. Chao	100%
Yearfull International	Dragon Vault	100%
Hefei Meiling Rongfeng	Yearfull International	65%
Hefei Meiling Rongfeng	Hefei Meiling Group Holding Limited	35%

5. OTHER DISCLOSURE OF INTERESTS

(a) As at the Latest Practicable Date and save as disclosed in this circular, none of the Directors had any interest, direct or indirect, in any asset which have been since 30 September 2007, the date to which the latest published audited financial statements of the Group were made up, acquired or disposed of by or leased to any member of the Resulting Group or are proposed to be acquired or disposed of by or leased to any member of the Resulting Group.

(b) As at the Latest Practicable Date and save as disclosed in this circular, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group since 30 September 2007 being the date to which the latest published audited financial statements of the Company were made up, and which was significant in relation to the business of the Resulting Group.

6. DIRECTORS' SERVICE AGREEMENT

As at the Latest Practicable Date, there was no existing or proposed service contract, excluding contract expiring or terminable by the employer within one year, without payment of compensation (other than statutory compensation) between any of the Directors with any member of the Group.

7. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have been named in this circular or have given opinions, letters or advice which are contained in this circular:

Name	Qualification
Kingsway	Corporation licensed under the SFO to carry on type 6 regulated activity
CCIF CPA Limited (“CCIF”)	Certified Public Accountants
Asset Appraisal Limited	Qualified Valuer
Anhui Hesen Law Office (安徽禾森律師事務所)	PRC legal advisers
Shu Jin Law Firm (廣東信達律師事務所)	PRC legal advisers

As at the Latest Practicable Date, none of Kingsway, CCIF, Asset Appraisal Limited, Anhui Hesen Law Office and Shu Jin Law Firm had any beneficial interest in the share capital of any member of the Group or had any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group and has any interest, either directly or indirectly, in any assets which have been, since 30 September 2007, being the date to which the latest published audited accounts of the Company were made up, acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Resulting Group.

Each of Kingsway, CCIF, Asset Appraisal Limited, Anhui Hesen Law Office and Shu Jin Law Firm has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter/report and/or references to its name, in the form and context in which it respectively appears.

8. LITIGATION

As at the Latest Practicable Date, there were no litigations or claims of material importance pending or threatened against any member of the Resulting Group which was known to the Directors.

9. MATERIAL ADVERSE CHANGE

The Directors confirm that there has been no material adverse change in the financial or trading position of the Group since 30 September 2007, being the date to which the latest audited consolidated financial statements of the Group were made up.

10. MATERIAL CONTRACTS

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

(a) a placing agreement dated 30 July 2007 entered into between the Company and Hantec Capital Limited relating to the placing of not more than 20,250,000 Shares by Hantec Capital Limited (as a placing agent) at a placing price of HK$0.92 per placing share with a gross proceeds of approximately HK$18.63 millions;

(b) an underwriting agreement dated 7 March 2007 entered into between the Company and Haijing Holdings in relation to the underwriting by Haijing Holdings of 33,750,000 new consolidated rights shares in the rights issue of the Company at the subscription price of HK$0.30 per rights share with the underwriting commission of 2.5% of the total subscription price of the rights shares underwritten;

(c) 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 acquisition of the land use right of a piece of land situated at Taohua Industrial Base, Hefei Economic and Technological Development Zone, Hefei City, Anhui Province, the PRC, at a consideration of RMB3,398,100;

(d) 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;

(e) an underwriting agreement dated 21 December 2005 entered into between the Company and Haijing Holdings relating to the underwriting by Haijing Holdings 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 and/or member(s) of the Resulting Group within the two years immediately preceding the date of this circular.

11. COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors, management Shareholders and their respective associates was interested in any business apart from the business of the Group, which competed or was likely to compete, either directly or indirectly, with that of the Group.

12. AUDIT COMMITTEE

The Company has established an audit committee ("Audit Committee") comprising all the three independent non-executive Directors.

The main duties of the Audit Committee include the following:

(a) To review the financial statements and reports and consider any significant or unusual items raised by the qualified accountant, compliance officer or external auditors before submission to the Board.

(b) To review the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement, and make recommendation to the Board on the appointment, re-appointment and removal of external auditors.

(c) To review the adequacy and effectiveness of the Company's financial reporting system and internal auditors.

The biographies of members of the Audit Committee are set out below:

Mr. Chen Wei Rong, aged 48, 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 康佳集團股份有限公司 (Konka Group Company Limited, a listed company in the PRC). 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 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 37, 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. He also serves as an independent non-executive director of A & K Educational Software Holdings Limited, a company listed on GEM. Mr. Cheng obtained a bachelor degree in accountancy from the Hong Kong Polytechnic University in 1992.

Mr. Sin Ka Man, aged 40, 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 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. 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.

13. NEW APPOINTMENT OF DIRECTORS

It is expected that upon completion of the Acquisitions, the following person will be appointed as an executive director of the Company:

Mr. Wang Yi, aged 46, of Room 604, Block 8, Wangjiang Road West, Hefei City, Anhui Province, PRC is the vice president of the Wisdom Sun Group and Dragon Vault Group, and currently overseeing the operations of the PRC companies comprised in the Wisdom Sun Group and Dragon Vault Group in Hefei, the PRC. He is also responsible for strategic planning and overall management for Wisdom Sun Group and Dragon Vault Group. Mr. Wang joined the Wisdom Sun Group in 2000. He has over 20 years of experience in the EPS production and technical management business. He is the Vice President of China EPS Industry Association (中國EPS行業協會副會長). Mr. Wang is not related to any of the Directors, substantial shareholders of the Company or any of their respective associates.

14. MISCELLANEOUS

(a) The secretary of the Company is Ms. Choi Yuen Wa who is also the qualified accountant of the Company. 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.

(b) The compliance officer of the Company is Ms. Hui Hongyan.

(c) The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The head office and principal place of business of the Company in Hong Kong is at Room 2412, 24th floor, Wing On Centre, 111 Connaught Road Central, Hong Kong.

(d) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Tengis Limited, 26th floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

(e) The English text of this circular shall prevail over the Chinese text in the case of any inconsistency.

15. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the principal place of business of the Company in Hong Kong at Room 2412, 24th floor, Wing On Centre, 111 Connaught Road Central, Hong Kong from the date of this circular up to 31 December 2007 and at the First EGM:

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

(b) the material contracts referred to under the paragraph headed "Material Contracts" in this Appendix;

(c) the Wisdom Sun Acquisition Agreement;

(d) the Dragon Vault Acquisition Agreement;

(e) Profit Guarantee Undertaking Letter;

(f) the conditional non-competition undertaking given by Mr. Chao and Mrs. Chao in favour of the Company dated 20 November 2007;

(g) the accountants' report of the Group prepared by CCIF CPA Limited for the three years ended 31 December 2006 and the 9 months ended 30 September 2007 as set out in Appendix I to this circular;

(h) the annual report of the Company for each of the two financial years ended 31 December 2006;

(i) the letter from the Independent Board Committee, the text of which is set out on pages 30 to 31 of this circular;

(j) the letter from Kingsway, the text of which is set out on pages 32 to 58 of this circular;

(k) the letters of consent referred to in the paragraph headed "Experts and Consents" of this Appendix;

(l) the accountants' report of Wisdom Sun Group prepared by CCIF CPA Limited for the three years ended 31 December 2006 and the 6 months ended 30 June 2007 as set out in Appendix III to this circular;

(m) the accountants' report of Dragon Vault Group prepared by CCIF CPA Limited for the three years ended 31 December 2006 and the 6 months ended 30 June 2007 as set out in Appendix II to this circular;

(n) the report issued by CCIF CPA Limited in connection with the pro forma balance sheet, pro forma income statement and the pro forma cashflow statement of the Resulting Group as set out in Appendix IV to this circular;

(o) the valuation report issued by Asset Appraisal Limited as set out in Appendix VI to this circular;

(p) a copy of the legal opinion issued by Anhui Hesen Law Office dated 17 December 2007;

(q) a copy of the legal opinion issued by Shu Jin Law Firm dated 17 December 2007;

(r) a copy of each circular issued by the Company pursuant to the requirements set out in Chapter 19 and/or Chapter 20 of the GEM Listing Rules since 31 December 2006; and

(s) this circular.

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)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "Meeting") of Sino Haijing Holdings Limited (the "Company") will be held at Room 2412, 24th floor, Wing On Centre, 111 Connaught Road Central, Hong Kong on 2 January 2008 at 11:00 a.m. for the purpose of considering and, if thought fit, passing, with or without modifications, the following ordinary resolutions:

ORDINARY RESOLUTIONS

1. "**THAT**

(a) the share transfer agreement ("Wisdom Sun Acquisition Agreement") dated 13 November 2007 (a copy of which has been produced to the Meeting marked "A" and initialled by the Chairman of the Meeting for the purpose of identification) made between Ms. Sam Mei Wa ("Mrs. Chao") and Great Prospect Enterprises Limited in relation to the proposed acquisition (the "Wisdom Sun Acquisition") of the entire interest in Wisdom Sun International Limited held by Mrs. Chao and the transactions contemplated therein be and is hereby approved, confirmed and ratified;

(b) the allotment and issue of an aggregate of 120,689,655 new shares (each, a "Consideration Share") of HK$0.1 par value each in the capital of the Company credited as fully paid at an issue price of HK$1.11 per Consideration Share to Haijing Holdings Limited, a company incorporated in the BVI with limited liability and is wholly owned by Mr. Chao Pang Fei ("Mr. Chao") (who is a director of the Company) and the Consideration Shares shall, when allotted and issued, rank pari passu in all respects with the existing shares of the Company in issue at the date of allotment of such new shares as part of the consideration under the Wisdom Sun Acquisition Agreement be and is hereby approved;

(c) each of the directors of the Company be and is hereby authorised to do all such further acts and things, negotiate, approve, agree, sign, initial, ratify and/or execute such further documents and take all steps which may be in their opinion necessary, desirable or expedient to implement and/or give effect to the terms of the Wisdom Sun Acquisition Agreement and the transactions contemplated thereunder and to agree to such variation, amendments or waiver or matter relating thereto as, are in the opinion of the Directors, in the interest of the Company and its shareholders, as a whole."

2. "**THAT**

(a) the share transfer agreement ("Dragon Vault Acquisition Agreement") dated 13 November 2007 (a copy of which has been produced to the Meeting marked "B" and initialled by the Chairman of the Meeting for the purpose of identification) made between Mr. Chao and Great Prospect Enterprises Limited in relation to the proposed acquisition (the "Dragon Vault Acquisition") of the entire interest in Dragon Vault International Limited held by Mr. Chao and the transactions contemplated therein be and is hereby approved, confirmed and ratified;

(b) each of the directors of the Company be and is hereby authorised to do all such further acts and things, negotiate, approve, agree, sign, initial, ratify and/or execute such further documents and take all steps which may be in their opinion necessary, desirable or expedient to implement and/or give effect to the terms of the Dragon Vault Acquisition Agreement and the transactions contemplated thereunder and to agree to such variation, amendments or waiver or matter relating thereto as, are in the opinion of the Directors, in the interest of the Company and its shareholders, as a whole."

3. "**THAT**

(a) the share transfer agreement ("Disposal Agreement") dated 13 November 2007 (a copy of which has been produced to the Meeting marked "C" and initialled by the Chairman of the Meeting for the purpose of identification) made between Innovis (IB) Limited and Mr. Lam Ying Hung Andy in relation to the proposed disposal of the entire interest in Innovis Technology Limited (an indirectly wholly-owned subsidiary of the Company) to Mr. Lam Ying Hung Andy and the transactions contemplated therein be and is hereby approved, confirmed and ratified;

(b) each of the directors of the Company be and is hereby authorised to do all such further acts and things, negotiate, approve, agree, sign, initial, ratify and/or execute such further documents and take all steps which may be in their opinion necessary, desirable or expedient to implement and/or give effect to the terms of the Disposal Agreement and the transactions contemplated thereunder and to agree to such variation, amendments or waiver or matter relating thereto as, are in the opinion of the Directors, in the interest of the Company and its shareholders, as a whole."

4. "**THAT**

To the extent not already exercised, the general mandate to allot and issue shares of the Company given to the directors of the Company as at the annual general meeting of the Company held on 10 May 2007 be and is hereby revoked (without prejudice to any valid exercise of such general mandate prior to the passing of this resolution) and replaced by the mandate, **THAT**

(a) subject to paragraph (c) of this resolution, the exercise by the directors of the Company during the Relevant Period (as defined below) of all the powers of the Company to allot, issue or otherwise deal with additional shares of HK$0.10 each in the capital of the Company (the "**Shares**") or securities convertible into Shares, or options, warrants or similar rights to subscribe for any Shares, and to make or grant offers, agreements, options and warrants which would or might require the exercise of such powers be generally and unconditionally approved;

(b) the approval in paragraph (a) of this resolution shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements, options and warrants which would or might require the exercise of such power after the end of the Relevant Period;

(c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the directors of the Company pursuant to the approval in paragraph (a) of this resolution, otherwise than pursuant to Shares issued as a result of a Rights Issue (as defined below), the exercise of the subscription or conversion rights attaching to any warrants issued by the Company or any securities which are convertible into Shares of the Company or the exercise of options granted under any option scheme adopted by the Company or any scrip dividend or similar arrangement providing for the allotment of Shares implemented in accordance with the Articles of Association of the Company, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this resolution, and the said approval shall be limited accordingly; and

(d) for the purposes of this resolution,

"**Relevant Period**" means the period from the passing of this resolution until whichever is the earlier of:

(i) the conclusion of the next annual general meeting of the Company;

(ii) the expiration of the period within which the next annual general meeting of the Company is required by the law or the Articles of Association of the Company to be held; and

(iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting;

"**Rights Issue**" means the allotment, issue or grant of Shares pursuant to an offer of shares open for a period fixed by the directors of the Company to the holders of Shares of the Company or any class thereof on the register of members of the Company on a fixed record date in proportion to their then holdings of such Shares or class thereof (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange)."

By Order of the Board
Sino Haijing Holdings Limited
Choi Yuen Wa
Company Secretary

Hong Kong, 17 December 2007

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

Head office and principal place of business in Hong Kong:
Room 2412, 24/F
Wing On Centre
111 Connaught Road Central
Hong Kong

Notes:

1. A member of the Company entitled to attend and vote at the Meeting convened by the above notice is entitled to appoint a proxy or proxies to attend and, subject to the provisions of the articles of association of the Company, vote in his stead. A proxy need not be a member of the Company. A form of proxy for use at the meeting is enclosed with the circular of the Company dated 17 December 2007.

2. To be valid, the form of proxy together with a power of attorney or other authority, if any, under which it is signed or a certified copy of such power or authority must be deposited with the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the Meeting or any adjournment thereof.

3. Completion and return of the form of proxy will not preclude members of the Company from attending and voting in person at the Meeting or any adjournment thereof should they so wish.

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)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "Meeting") of Sino Haijing Holdings Limited (the "Company") will be held at Room 2412, 24/F, Wing On Centre, 111 Connaught Road Central, Hong Kong on 14 January 2008 at 11:00 a.m. for the purpose of considering and, if thought fit, passing, with or without modifications, the following ordinary resolution:

ORDINARY RESOLUTION

1. "**THAT**

To the extent not already exercised, the general mandate to allot and issue shares of the Company given to the directors of the Company as at the extraordinary general meeting of the Company held on 2 January 2008 be and is hereby revoked (without prejudice to any valid exercise of such general mandate prior to the passing of this resolution) and replaced by the mandate, **THAT**

(a) subject to paragraph (c) of this resolution, the exercise by the directors of the Company during the Relevant Period (as defined below) of all the powers of the Company to allot, issue or otherwise deal with additional shares of HK$0.10 each in the capital of the Company (the "**Shares**") or securities convertible into Shares, or options, warrants or similar rights to subscribe for any Shares, and to make or grant offers, agreements, options and warrants which would or might require the exercise of such powers be generally and unconditionally approved;

(b) the approval in paragraph (a) of this resolution shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements, options and warrants which would or might require the exercise of such power after the end of the Relevant Period;

(c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the directors of the Company pursuant to the approval in paragraph (a) of this resolution, otherwise than pursuant to Shares issued as a result of a Rights Issue (as defined below), the exercise of the subscription or conversion rights attaching to any warrants issued by the Company or any securities which are convertible into Shares of the Company or the exercise of options granted under any option scheme adopted by the Company or any scrip dividend or similar arrangement providing for the allotment of Shares implemented in accordance with the Articles of Association of the Company, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this resolution, and the said approval shall be limited accordingly; and

(d) for the purposes of this resolution,

"**Relevant Period**" means the period from the passing of this resolution until whichever is the earlier of:

(i) the conclusion of the next annual general meeting of the Company;

(ii) the expiration of the period within which the next annual general meeting of the Company is required by the law or the Articles of Association of the Company to be held; and

(iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting;

"**Rights Issue**" means the allotment, issue or grant of Shares pursuant to an offer of shares open for a period fixed by the directors of the Company to the holders of Shares of the Company or any class thereof on the register of members of the Company on a fixed record date in proportion to their then holdings of such Shares or class thereof (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange)."

By Order of the Board
Sino Haijing Holdings Limited
Choi Yuen Wa
Company Secretary

Hong Kong, 17 December 2007

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

Head office and principal place of business in Hong Kong:
Room 2412, 24/F
Wing On Centre
111 Connaught Road Central
Hong Kong

Notes:

1. A member of the Company entitled to attend and vote at the Meeting convened by the above notice is entitled to appoint a proxy or proxies to attend and, subject to the provisions of the articles of association of the Company, vote in his stead. A proxy need not be a member of the Company. A form of proxy for use at the meeting is enclosed with the circular of the Company dated 17 December 2007.

2. To be valid, the form of proxy together with a power of attorney or other authority, if any, under which it is signed or a certified copy of such power or authority must be deposited with the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the Meeting or any adjournment thereof.

3. Completion and return of the form of proxy will not preclude members of the Company from attending and voting in person at the Meeting or any adjournment thereof should they so wish.