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**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)

**MAJOR TRANSACTION  
AND  
RESUMPTION OF TRADING**

On 29 December 2006, the Purchaser, entered into the S&P Agreement in relation to the acquisition of a land use right on a piece of industrial land located in Hefei City, Anhui Province, the PRC at the consideration of RMB3,398,100 (equivalent to approximately HK\$3.36 million).

The Land will be used for the construction of production plant of the Company for the manufacture of paper products and packaging materials. The capital expenditure for the construction of production plant and purchase of machinery and equipment is estimated to be about RMB8.7 million (equivalent to approximately HK\$8.61 million). The Transaction constitutes a major transaction of the Company under Chapter 19 of the GEM Listing Rules. Since the Vendor and its respective associates are not Shareholders and no Shareholder has any special interest in the Transaction, no Shareholder would be required to abstain from voting at the special general meeting of the Company (if one was convened) convened to approve the Transaction. Pursuant to Rule 19.44 of the GEM Listing Rules, the Company has obtained a written approval (in lieu of holding a general meeting of the Company) regarding the Transaction from Haijing Holdings Limited, being the holder of 345,729,000 Shares, representing approximately 51.22% of the issued share capital of the Company as at the date of this announcement. Accordingly no special general meeting of the Company will be convened for the purposes of considering and approving the Transaction. A circular in connection with the Acquisition will be despatched to the Shareholders as soon as practicable.

At the request of the Company, trading in Shares on GEM was suspended from 9:30 a.m. on Tuesday, 2 January 2007 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in Shares on GEM with effect from 9:30 a.m. on 4 January 2007.

The Directors are pleased to announce that on 29 December 2006, the Purchaser entered into the S&P Agreement in relation to the acquisition of a land use right on a piece of industrial land located in Hefei City, Anhui Province, the PRC, the details of which are set out below.

## **Parties**

- (i) the Purchaser, a wholly owned subsidiary of the Company
- (ii) the Vendor, a government authority responsible for the management of 桃花工業園 (Taohua Industrial Base) of Hefei Economic and Technological Development Area in Hefei City, Anhui Province of the PRC. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor and its ultimate beneficial owner are third parties independent of the Company and not connected persons of the Company as defined under the GEM Listing Rules.

## **The Acquisition**

Pursuant to the S&P Agreement, the Purchaser has agreed to purchase and the Vendor has agreed to sell the land use right of the Land with a total site area of approximately 62 mu (approximately 41,333 square metres) located in Taohua Industrial Base of Hefei Economic and Technological Development Area in Hefei City, Anhui Province of the PRC. The Land has a tenor of 50 years from the issue of land use right certificate. As at the date of this announcement, the land use right certificate has not been obtained. Details please refer to paragraph "Payment terms" below.

## **Consideration**

The Consideration payable by the Purchaser pursuant to the S&P Agreement is RMB3,398,100 in cash (equivalent to approximately HK\$3.36 million). The Consideration will be funded by internal resources of the Group. The Consideration has been arrived at after arm's length negotiation between the Purchaser and the Vendor based on normal commercial terms and with reference to the prevailing market value of industrial-use land in the neighbouring area. An independent valuation has been obtained by the Company for the Land at a value of RMB4,000,000 (equivalent to approximately HK\$3,960,000) as at 29 December 2006. The Directors, including independent non-executive Directors, are of the view that the terms of the S&P Agreement including the Consideration are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Directors confirm that the terms and conditions of the S&P Agreement had been negotiated on an arm's length basis and were agreed on normal commercial terms between the parties.

## **Payment terms**

The Consideration which represents the total land premium of the Land shall be paid in cash as follows:

- (i) 30% of the Consideration will be paid within 10 days from the date of the S&P Agreement;

- (ii) 40% of the Consideration will be paid upon delivery of the Land; and
- (iii) the remaining 30% of the Consideration will be paid at any time after payment of the second installment.

The S&P Agreement provides that the Vendor shall provide assistance to the Purchaser to obtain the relevant land use right certificate within two months after payment of the final installment of the Consideration.

### **Reason for the Acquisition of the Land**

The Group is principally engaged in the provision of IBS solutions, including IBS design, supply and installation services, IBS maintenance services and IBS consultancy services. The Group is operating in the IBS industry where intense competition exists and industry players adopt price-cutting strategy in bidding IBS contracts. For the nine months ended 30 September 2006, the Group's turnover was approximately HK\$3.86 million, representing a decrease of approximately 72.8% as compared with that for the corresponding period in 2005. Loss attributable to shareholders was approximately HK\$4,015,000 as compared with loss of approximately HK\$32,000 for the corresponding period in 2005. 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 Land will be used for the construction of production plant of the Company for the manufacture of paper products and packaging materials. The capital expenditure for the construction of production plant and purchase of machinery and equipment is estimated to be about RMB\$8.7 million (equivalent to approximately HK\$8.61 million), which is intended to be financed by internal resources, banking facilities and, if consider appropriate, further funding raising or shareholders' loan. The estimated capital expenditure was determined with reference to the estimated prices of the machinery required, the estimated area of the production plant and the estimated construction cost per square metre of the production plant. As at the date of this announcement, no agreement has been entered with any party in relation to the construction of production plant and purchase of machinery and equipment. Further announcement will be made by the Company for further progress in relation to the construction of production plant and the estimated capital expenditure for the construction of production plant and purchase of machinery and equipment.

### **GENERAL**

The Transaction constitutes a major transaction of the Company under Chapter 19 of the GEM Listing Rules. Since the Vendor and its respective associates are not Shareholders and no Shareholder has any special interest in the Transaction, no Shareholder would be required to abstain from voting at the special general meeting of the Company (if one was convened) convened to approve the Transaction. Pursuant to Rule 19.44 of the GEM Listing Rules, the Company has obtained a written approval (in lieu of holding a general meeting of the Company) regarding the Transaction from Haijing Holdings Limited, being the holder of 345,729,000 Shares, representing approximately 51.22% of the issued share capital of the Company as at the date of this announcement. Accordingly no special general meeting of the Company will be convened for the purposes of considering and approving the Transaction. A circular in connection with the Acquisition will be despatched to the Shareholders as soon as practicable.

At the request of the Company, trading in Shares on GEM was suspended from 9:30 a.m. on Tuesday, 2 January 2007 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in Shares on GEM with effect from 9:30 a.m. on 4 January 2007.

## TERMS AND DEFINITION

“Acquisition”	:	the acquisition of the Land under the S&P Agreement
“Board”	:	The board of Directors of the Company
“Company”	:	Sino Haijing Holdings Limited, a limited liability company incorporated in Cayman Islands and the shares of which are listed on GEM
“Consideration”	:	RMB3,398,100, being the amount of money payable by the Purchaser to the Vendor for the Acquisition
“Director(s)”	:	director(s) of the Company
“GEM”	:	The Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	:	the Rules Governing the Listing of Securities on GEM
“Group”	:	the Company and its subsidiaries
“Hong Kong”	:	Hong Kong Special Administrative Region of the People’s Republic of China
“IBS”	:	acronym for intelligent building system
“Land”	:	a piece of land to be acquired under the S&P Agreement
“Purchaser”	:	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
“RMB”	:	Renminbi, the lawful currency of the People’s Republic of China
“S&P Agreement”	:	the sale and purchase agreement dated 29 December 2006 entered into between the Purchaser and the Vendor in relation to the Acquisition
“Share(s)”	:	ordinary share(s) of HK\$0.01 in the share capital of the Company
“Shareholder(s)”	:	holder(s) of the Share(s)

“Stock Exchange”	:	The Stock Exchange of Hong Kong Limited
“Transaction”	:	the Acquisition together with the proposed construction of production plant and purchase of machinery and equipment
“Vendor”	:	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)
“HK\$”	:	Hong Kong dollars, the lawful currency of Hong Kong
“%”	:	per cent.

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

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

Hong Kong, 3 January 2007

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material aspects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

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

*This announcement will remain on the website of GEM ([www.hkgem.com](http://www.hkgem.com)) on the “Latest Company Announcement” page for at least 7 days from the date of its posting.*