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

INTERIM **REPORT** 2006

(Stock Code: 8065)

中國海景

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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

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This report, for which the directors (the "Directors") of Sino Haijing Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

HIGHLIGHTS

- For the six months ended 30 June 2006, turnover was approximately HK$3.1 million as compared to HK$8.3 million for the corresponding period in 2005.

- For the six months ended 30 June 2006, gross loss margin was approximately 6.2% as compared to gross profit margin was 22.3% for the corresponding period in 2005.

- For the six months ended 30 June 2006, loss attributable to shareholders was approximately HK$2,511,000 as compared to HK$276,000 for the corresponding period in 2005.

- The board of Directors (the "Board") does not recommend the payment of an interim dividend for the six months ended 30 June 2006.

INTERIM RESULTS

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

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30 June		Three months ended 30 June	
	Note	**2006 HK$'000 (Unaudited)**	2005 HK$'000 (Unaudited)	**2006 HK$'000 (Unaudited)**	2005 HK$'000 (Unaudited)
Turnover	2	**3,148**	8,327	**720**	3,847
Cost of sales		**(3,343)**	(6,470)	**(1,827)**	(2,113)
Gross (loss)/profit		**(195)**	1,857	**(1,107)**	1,734
Other income		**56**	76	**27**	42
Administrative and other operating expenses		**(2,333)**	(2,117)	**(1,192)**	(1,251)
Operating loss		**(2,472)**	(184)	**(2,272)**	525
Finance costs		**(36)**	(92)	**(3)**	(51)
Loss before taxation	4	**(2,508)**	(276)	**(2,275)**	474
Taxation	5	**(3)**	–	**(3)**	–
Loss attributable to shareholders		**(2,511)**	(276)	**(2,278)**	474
Dividend	6	**–**	–	**–**	–
(Loss)/Earnings per share – Basic	7	**(0.48) cent**	(0.07) cent	**(0.43) cent**	0.13 cent

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	As at 30 June 2006 HK$'000 (Unaudited)	As at 31 December 2005 HK$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	8	658	688
Available-for-sale financial assets		753	767
Held-to-maturity debt securities		49	49
Retention money receivable		1,224	1,224
		2,684	2,728
Current assets			
Tax recoverable		–	264
Prepayment, deposits and other receivables		2,312	2,305
Trade receivables	9	6,542	14,404
Retention money receivable		137	137
Pledged time deposits		2,347	1,526
Time deposits		2,236	132
Cash and bank balances		1,043	2,955
		14,617	21,723
LIABILITIES			
Current liabilities			
Bills payable, unsecured		–	4,873
Trade payables	10	1,456	3,002
Other payables and accruals		807	918
Secured bank loan		–	833
Amount due to a director	11	–	1,026
Amount due to a related company	11	139	60
		2,402	10,712
Net current assets		12,215	11,011
NET ASSETS		14,899	13,739
CAPITAL AND RESERVES			
Issued capital	12	5,625	3,750
Reserves		9,274	9,989
		14,899	13,739

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Six months ended 30 June	
	2006	2005
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Net cash inflow/(outflow) from operating activities	**2,213**	(2,621)
Net cash outflow from investing activities	**–**	(38)
Net cash outflow from financing activities	**(2,021)**	(913)
Increase/(decrease) in cash and cash equivalents	**192**	(3,572)
Cash and cash equivalents at the beginning of the period	**3,087**	4,570
Cash and cash equivalents at the end of the period	**3,279**	998
Analysis of the balances of cash and cash equivalents		
Time deposits	**2,236**	631
Cash and bank balances	**1,043**	367
	3,279	998

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2006

	Issued capital	Share premium	Capital reserve(s)	Investment revaluation reserve	Retained profits	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1/1/2005	3,750	8,672	117	–	10,176	22,715
Opening adjustment for the adoption of HKAS 39	–	–	–	(111)	–	(111)
Fair Value loss on available-for-sale financial assets	–	–	–	(121)	–	(121)
Net loss for the year	–	–	–	–	(8,744)	(8,744)
At 31/12/2005 *(Audited)*	3,750	8,672	117	(232)	1,432	13,739
At 1/1/2006	3,750	8,672	117	(232)	1,432	13,739
Rights issue	1,875	–	–	–	–	1,875
Premium on rights issue	–	1,875	–	–	–	1,875
Issuing expense for rights issue	–	(65)	–	–	–	(65)
Fair value loss on available-for-sale financial assets	–	–	–	(14)	–	(14)
Loss for the period	–	–	–	–	(2,511)	(2,511)
	5,625	10,482	117	(246)	(1,079)	14,899

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 2005.

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

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

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

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

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

2. Turnover and revenue

The Group is principally engaged in investment holding, provision of Intelligent Building Systems (IBS) solutions and maintenance.

Turnover for the period ended 30 June 2005 and 2006 represented revenue recognised in respect of IBS solutions and maintenance. An analysis of the Group's turnover and other major revenue is set out below:–

	Six months ended 30 June		**Three months ended 30 June**	
	2006	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Turnover:				
IBS solutions, and maintenance	**3,148**	8,327	**720**	3,847
Interest income	**56**	6	**27**	6
Total revenue	**3,204**	8,333	**747**	3,853

3. Segment information

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

4. Loss before taxation

Loss before taxation is arrived at after charging:–

	Six months ended 30 June		Three months ended 30 June	
	2006	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Auditors' remuneration	**90**	24	**90**	24
Cost of materials used	**1,909**	3,960	**712**	985
Depreciation	**30**	107	**30**	107
Staff costs	**1,198**	1,116	**557**	667
Minimum lease payments under operating leases	**–**	54	**–**	54
Research and development costs	**–**	300	**–**	170
Interest expenses on borrowings	**36**	61	**3**	30
Finance lease interest	**–**	9	**–**	7

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 (2005: Nil).

6. Dividend

For the six months ended 30 June 2005, the Board does not recommend the payment of an interim dividend.

7. (Loss)/Earnings per share

(Loss)/Earnings per share are calculated based on the following figures:–

	Six months ended 30 June		Three months ended 30 June	
	2006	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
The Group's consolidated loss attributable to shareholders	**(2,511)**	(276)	**(2,278)**	474
Weighted average number of shares – Basic	**522,099,448**	375,000,000	**522,099,448**	375,000,000
(Loss)/Earnings per share – Basic	**(0.48) cent**	(0.07) cent	**(0.43) cent**	0.13 cent

8. Fixed assets

	Leasehold improvements HK$'000	Computers HK$'000	Furniture & equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost:					
At 1 January 2006	682	463	318	300	1,763
Additions	–	–	–	–	–
At 30 June 2006	682	463	318	300	1,763
Aggregate depreciation:					
At 1 January 2006	205	370	200	300	1,075
Charge for the period	18	6	6	–	30
At 30 June 2006	223	376	206	300	1,105
Net book value:					
At 30 June 2006 *(Unaudited)*	459	87	112	–	658
At 31 December 2005 *(Audited)*	477	93	118	–	688

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 2006 *HK$'000* **(Unaudited)**	As at 31 December 2005 *HK$'000* (Audited)
Within 3 months	**290**	7,081
Over 3 months but within 6 months	**445**	1,740
Over 6 months but within 1 year	**1,310**	1,261
Over 1 year	**4,497**	4,322
	6,542	14,404

10. Trade payables

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

	As at 30 June 2006 *HK$'000* **(Unaudited)**	As at 31 December 2005 *HK$'000* (Audited)
Within 3 months	**84**	1,483
Over 3 months but within 6 months	**127**	548
Over 6 months but within 1 year	**607**	134
Over 1 year	**638**	837
	1,456	3,002

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 2005	
– 10,000,000,000 ordinary shares of HK$0.01 each *(Audited)*	100,000
As at 30 June 2006	
– 10,000,000,000 ordinary shares of HK$0.01 each *(Unaudited)*	100,000
Issued and fully paid:	
As at 31 December 2005	
– 375,000,000 ordinary shares of HK$0.01 each *(Audited)*	3,750
As at 30 June 2006	
– 562,500,000 ordinary shares of HK$0.01 each *(Unaudited)*	5,625

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Turnover and profit

For the six months ended 30 June 2006, turnover was approximately HK$3.1 million, representing a decrease of approximately 62.7% as compared with that for the corresponding period in 2005. Loss attributable to shareholders was approximately HK$2,511,000 as compared with loss of approximately HK$276,000 for the corresponding period in 2005.

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

Foreign exchange exposure

Since all operating revenue and expenses of the Group are denominated in Hong Kong dollars, the Group does not have any foreign exchange exposure for the six months ended 30 June 2006.

Liquidity and financial resources

As at 30 June 2006, shareholders' funds of the Group amounted to approximately HK$14.9 million. Current assets amounted to approximately HK$14.6 million, of which approximately HK$2,300,000 and HK$3,300,000 were pledged bank deposits and cash and bank balances respectively. The Group's current liabilities amounted to approximately HK$2.4 million which mainly comprised its trade payables and accruals. Taken into consideration of its current financial resources, the Group shall have adequate capital for its continual operation and development.

Pledge of assets

As at 30 June 2006, bank deposits of HK$2,300,000 have been pledged to the banks to secure general banking facilities granted to the group.

Contingent liabilities

As at 30 June 2005, the Group did not have any significant contingent liabilities.

Gearing ratio

As at 30 June 2006, the total assets of the Group was approximately HK$17.3 million whereas the total liabilities was approximately HK$2.4 million. The gearing ratio (total liabilities divided by total assets) was approximately 13.9%.

Business Review

Business Development in Hong Kong

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

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

The Group has recruited additional marketing staff for promoting building contracting business in Hong Kong which provides tailor-made professional solutions, so as to secure the new market.

Business Development in the People's Republic of China ("PRC")

The Group recognizes the importance of enlarging its customer base through developing its business in the PRC market. The Group is actively exploring opportunities of developing its products and services through local strategic partners, and tendering for access monitoring systems, car park monitoring systems and cable television set-top boxes projects as measures to diversify our selfdeveloped IBS solutions further.

The Group is negotiating to prepare for the possibility of forming strategic partnerships with property developers in the Zhujiang River region, which will strengthen our business in the region. Also, the Group strengthens its efforts to introduce our products being co-developed with amicable companies, namely airconditioning systems and lighting system, into the PRC market.

For the development of the PRC market, the Group adheres to conservative philosophy as its longterm development strategy in consequence of higher risk in debt collection in the market.

Business Development in Macau

Macau market has high potential but the construction industry is still at developing stage. The Group has come into consensus with our friendly companies there to jointly bid on a number of projects and continues the negotiation of forming partnership with a number of local property developers.

Research and Development

Intelligent housing estates remain the development trend in the PRC, and the Group firmly believes that they will persist. We are carrying out aggressive researches on optical transmission networks, as larger areas of these intelligent housing estates have posed a necessity for high-speed data transmission. Developers can save tunnel costs and increase system scalability with IBS's optical transmission networks.

The Group's internal R&D team and a private company have co-developed a relevant system solution, which is at its final stage, and introduce the solution to mechanical consultants and real estate developers directly. These solutions has been widely known by developers.

To minimize system installation costs, the Group has further developed self-assembled IBS as measure to seize more business opportunities. In addition, the Group is aggressively sourcing research results of private research companies in the PRC.

Business Outlook

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

Up to now, deferrals in clients payment remain the most serious problem for the Group. Extensive efforts were made to collect the overdue payments, including proactively approaching individual clients for payment arrangement, in order to speed up their process of repayment. After formulating solutions for client re-organization programme, the Group has identified new potential companies and clients with stronger financial base, while existing clients with prolonged records of defaulted payments are abandoned. Confronted with the deeply rooted problem of delayed payment for the whole industry, the Group strives to minimize the extent of this problem by adopting the above mentioned measures, and considers that making bad debt provisions again are not necessary at this stage as some delayed payments are being collected.

Our profit enhancement efforts have not gained proven results and do not offset the existing industrial difficulties. Accordingly, the Group actively extends our IBS products to applications in other similar sectors. To optimize the prevailing operating environment, inter alia, substantial resources were deployed to develop the Logistics Intelligent System solutions. In light of the rapidly growing domestic logistics industry, the combination of intelligent systems and software have enormous potentials for future development by being not the mainstream in the market place.

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

EMPLOYEES

As at 30 June, 2006, 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 16. Remuneration of Directors and staff were approximately HK$1,198,000 (six months ended 30 June 2005: HK$1,116,000). Employees are remunerated based on their performance, experience and industry practices.

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

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

As at 30 June 2006, there were 562,500,000 shares of the Company in issue. Based on the average closing price of the Company's shares of HK$0.065 as stated in the Stock Exchange's daily quotation sheets for the trading days from 26 June 2006 to 30 June 2006 (both days inclusive), being the five business days immediately preceding 30 June 2006, the total market capitalisation of the Company was approximately HK$36,337,500 (the "Total Market Capitalisation") as at 30 June 2006.

As at 30 June 2006, the consolidated total assets value of the Group was approximately HK$17,160,572 (the "Total Assets Value").

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

Customer Name	*HK$*	**Approximate percentage of Total Market Capitalisation**	**Approximate percentage of Total Assets Value**
Huns Engineering Co., Ltd.	1,689,796	4.6%	9.8%

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

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

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

As at 30 June 2006, the interests or short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 under the Laws of Hong Kong) ("SFO"), which will have to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have taken under such provision of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

(a) Long positions in the shares of the Company

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

Note:

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

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

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

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

So far as is known to any Director or chief executive of the Company, as at 30 June 2006, persons (not being a Director or chief executive of the Company) who have an interest or a short position in the shares or underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or be interested in, directly or indirectly, 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any member of the Group were as follows:

(a) Long positions in the shares of the Company

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

Note:

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

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

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

COMPETING INTERESTS

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

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

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

PURCHASE, DISPOSAL OR REDEMPTION OF SECURITIES

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

CORPORATE GOVERNANCE

Save and except the following deviations from the code provisions (except code provision C.2 on internal control and the relevant disclosure requirements of which the implementation date is for accounting period commencing on or after 1 July 2005) set out in the Code on Corporate Governance Practices as contained in Appendix 15 to the GEM Listing Rules (the "CCGP"), the Company had, during the period ended 30 June 2006 complied with the CCGP.

	Code provision set out in the CCGP	Reason for deviations
A.2	The Chairman chief executive officer of the Company were performed by the same individual	The Company is still searching for suitable candidates to fulfil the responsibilities of the separate roles
B.1	Remuneration committee has not yet been set up by the Company	The Company is now in the progress of forming its remunerate ion committee and drafting its term of reference

The Board was also in the progress of assessing the effect of the Implementation of the CCGP on the Company's operation. Save as disclosed, the Company has met the code provisions (except code provision C.2 on internal control and the relevant disclosure requirement of which the implementation date is for accounting period commencing on or after 1 July 2005) set out in the CCGP throughout the period ended 30 June 2006.

AUDIT COMMITTEE

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

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

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

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

Hong Kong, 3 August 2006

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