ZHONG HUA INTERNATIONAL HOLDINGS LIMITED
中華國際控股有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 1064)

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2009

The Board of Directors (the "Directors") of Zhong Hua International Holdings Limited (the "Company") would like to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2009 (the "Interim Results"), together with the comparative figures for the corresponding period in 2008, as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		For the six months ended 30 June	
		2009	2008
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Revenue	2	**16,425**	16,134
Other income		**246**	4,239
Administrative expenses		**(7,585)**	(5,720)
Other operating expenses, net		**–**	(3,736)
Finance costs	3	**(17,250)**	(4,945)
PROFIT/(LOSS) BEFORE TAX	4	**(8,164)**	5,972
Tax	5	**(2,983)**	(3,946)
PROFIT/(LOSS) FOR THE PERIOD		**(11,147)**	2,026
ATTRIBUTABLE TO:			
Equity holders of the Company		**(14,438)**	(3,021)
Minority Interests		**3,291**	5,047
		(11,147)	2,026
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	7		
Basic		**HK(9.61) cents**	HK(2.60) cents
Diluted		**N/A**	N/A

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Profit/(loss) for the period	**(11,147)**	2,026
Other comprehensive income for the period (after taxation and reclassification adjustments):		
Exchange differences on translation of the financial statements of overseas subsidiaries	**17,087**	138,520
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**5,940**	140,546
Total comprehensive income attributable to:		
Equity holders of the Company	**(8,988)**	40,471
minority interests	**14,928**	100,075
	5,940	140,546

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	30 June 2009 (Unaudited) HK$'000	31 December 2008 (Audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**8,623**	9,077
Investment properties		**2,860,604**	2,836,156
Pledged deposits		**9**	14
Total non-current assets		**2,869,236**	2,845,247
CURRENT ASSETS			
Properties held for sales		**37,393**	37,062
Trade receivables	*8*	**33,541**	34,219
Prepayments, deposits and other receivables		**62,146**	61,075
Cash and cash equivalents		**14,796**	36,216
Total current assets		**147,876**	168,572
CURRENT LIABILITIES			
Trade payables	*9*	**(26,384)**	(26,150)
Tax payable		**(28,191)**	(25,009)
Other payables and accruals		**(73,971)**	(79,168)
Convertible bond	*10*	**(81,280)**	(78,149)
Interest-bearing bank and other borrowings		**(6,359)**	(14,926)
Total current liabilities		**(216,185)**	(223,402)
NET CURRENT LIABILITIES		**(68,309)**	(54,830)
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,800,927**	2,790,417
NON-CURRENT LIABILITIES			
Loan from a director		**(72,297)**	(71,658)
Due to a director		**(77,917)**	(85,819)
Long term other payables		**(99,485)**	(105,204)
Interest-bearing bank and other borrowings		**(46,471)**	(48,861)
Deferred tax liabilities		**(578,268)**	(573,326)
Total non-current liabilities		**(874,438)**	(884,868)
Net assets		**1,926,489**	1,905,549
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital		**15,140**	12,640
Reserves		**594,141**	590,629
		609,281	603,269
Minority interests		**1,317,208**	1,302,280
Total equity		**1,926,489**	1,905,549

Notes:

1. **BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES**

The condensed consolidated interim financial statements are prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting". The accounting policies and basis of preparation adopted in the preparation of the interim financial statements are the same as those used in the annual financial statements for the year ended 31 December 2008, except in relation to the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs", which also include HKASs and Interpretations) that affect the Group and are mandatory for the accounting period beginning on or after 1 January 2009:

HKFRS 8 Operating Segments

HKFRS 8 requires segment disclosure to be based on the way that the Group's chief operating decision maker regards and manages the Group, with the amounts reported for each reportable segment being the measures reported to the Group's chief operating decision maker for the purposes of assessing segment performance and making decisions about operating matters. The adoption of HKFRS 8 has resulted in the presentation of segment information in a manner that is more consistent with internal reporting provided to the Group's most senior executive management.

HKAS 1 (Revised 2007) Presentation of Financial Statements

As a result of the adoption of HKAS 1 (revised 2007), details of changes in equity during the period arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expenses are presented in the consolidated income statement, if they are recognised as part of profit or loss for the period, or otherwise in a new primary statement, the consolidated statement of comprehensive income. The new format for the consolidated statement of comprehensive income and the consolidated statement of changes in equity has been adopted in this interim financial statements and corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expenses or net assets for any period presented.

The adoption of the below new and revised HKFRSs did not result in material impact on the accounting policies of the Group's condensed consolidated interim financial statements.

HKFRSs (Amendments)	Improvements to HKFRSs
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 & 1 (Amendment)	Puttable Financial Instruments and Obligations Arising on Liquidations
HKFRS 1 and HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Share-based Payment – Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosure about Financial Instruments
HK(IFRIC) – INT 13	Customer Loyalty Programmes
HK(IFRIC) – INT 15	Agreements for the Construction of Real Estate
HK(IFRIC) – INT 16	Hedges of a Net Investment in a Foreign Operation

The Group has not early applied the following new and revised HKFRSs, that have been issued but are not yet effective:

HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 39 Amendment	Eligible Hedged Items[1]
HKFRS 3 (Revised)	Business Combinations[1]
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC) – Int 18	Transfers of Assets from Customers[1]

[1] Effective for annual periods beginning on or after 1 July 2009

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in loss of control, which will be accounted for as equity transactions.

The directors of the Company anticipate that the application of the other new or revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

2. SEGMENT INFORMATION

On first-time adoption of HKFRS8, the identification of the Group's operating segments under HKFRS8 is consistent with the business segments previously identified under HKAS 14 Segment Reporting. No geographical segment information is presented as over 90% of the Group's revenue is derived from customers based in the Mainland of the People's Republic of China ("Mainland China").

The following table presents revenue and results information for the Group's operating segments:

For the six months ended 30 June (Unaudited)

	Property investment		Corporate and others		Total	
	2009	2008	**2009**	2008	**2009**	2008
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:						
Revenue from external customers	**16,425**	16,134	**–**	–	**16,425**	16,134
Inter-segment revenue	**–**	–	**–**	–	**–**	–
Total revenue	**16,425**	16,134	**–**	–	**16,425**	16,134
Segment results	**13,530**	14,734	**(4,690)**	(8,056)	**8,840**	6,678
Other income					**246**	4,239
Finance costs					**(17,250)**	(4,945)
Profit/(loss) before tax					**(8,164)**	5,972
Tax					**(2,983)**	(3,946)
Profit/(loss) for the period					**(11,147)**	2,026

Segment results represent the profit/(loss) of each segment without allocation of other income, finance costs and tax.

The following table presents the assets information for the Group's operating segments:

	30 June 2009 (Unaudited) *HK$'000*	31 December 2008 (Audited) *HK$'000*
Property investment	**2,995,447**	2,970,666
Corporate and others	**6,869**	6,937
Unallocated assets	**14,796**	36,216
Consolidated total assets	**3,017,112**	3,013,819

For the six months ended 30 June 2009, aggregate revenue from three (2008: three) customers with each of whom transactions have exceeded 10% of the Group's total revenue amounted to approximately HK$16,104,000 (2008: HK$15,819,000).

3. FINANCE COSTS

	For the six months ended 30 June	
	2009 (Unaudited) *HK$'000*	2008 (Unaudited) *HK$'000*
Interest on:		
Bank loans	**1,109**	758
Finance lease	**46**	139
Convertible bond	**3,131**	2,890
Promissory note	**–**	1,158
Loan from a director	**2,827**	–
Deferred completion of the second and third tranches in relation to the Acquisition	**10,085**	–
Other loan	**52**	–
	17,250	4,945

4. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Depreciation	**519**	529
Interest income	**(24)**	(834)
Net rental income	**(16,425)**	(16,134)

5. TAX

	For the six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Provision for the period:		
Hong Kong	**–**	–
Elsewhere	**2,983**	3,946
Deferred taxation	**–**	–
	2,983	3,946

No provision for Hong Kong profits tax has been made as the Group did not generate any taxable profits in Hong Kong during the six months ended 30 June 2009 (the "Period") (2008: Nil).

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof. The subsidiaries established in Mainland China are subject to income taxes at the rate of 25% (2008: 25%).

6. INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the Period (2008: Nil).

7. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic loss per share for the Period is based on the loss attributable to ordinary equity holders of the Company of HK$14,438,000 (2008: HK$3,021,000) and the weighted average number of 150,299,158 (2008: 116,404,130 (adjusted to reflect the effect of the capital reorganisation became effective on 11 December 2008)) ordinary shares in issue during the Period.

Diluted loss per share for the six months ended 30 June 2008 and 2009 have not been disclosed as the convertible bond and share options outstanding during these periods had anti-dilutive effects on the basic loss per share.

8. TRADE RECEIVABLES

An aged analysis of the trade receivables at the balance sheet date is as follows:

	30 June 2009		31 December 2008	
	(Unaudited)		(Audited)	
	HK$'000	***Percentage***	*HK$'000*	*Percentage*
Within 6 months	**6,780**	**20**	6,720	20
More than 6 months but within 1 year	**3,910**	**12**	4,850	14
More than 1 year but within 2 years	**–**	**–**	–	–
More than 2 years	**22,851**	**68**	22,649	66
	33,541	**100**	34,219	100
Portion classified as current assets	**(33,541)**		(34,219)	
Non-current assets	**–**		–	

The Group generally grants a credit term of 3 months to 12 months to its customers.

The age of the Group's trade receivables are based on the date of recognition of turnover and the due date of instalments as stipulated in the sales contracts.

An amount of HK$22,851,000 (2008: HK$22,649,000) included in the total trade receivables are attributable to properties sold in prior years.

9. TRADE PAYABLES

An aged analysis of the trade payables at the balance sheet date is as follows:

	30 June 2009		31 December 2008	
	(Unaudited)		(Audited)	
	HK$'000	***Percentage***	*HK$'000*	*Percentage*
Within 6 months	**–**	**–**	98	1
More than 6 months but within 1 year	**99**	**1**	–	–
More than 1 year but within 2 years	**–**	**–**	–	–
More than 2 years but within 3 years	**–**	**–**	2,412	9
Over 3 years	**26,285**	**99**	23,640	90
	26,384	**100**	26,150	100

The age of Group's trade payables is based on the date of the goods received or services rendered.

10. CONVERTIBLE BOND

On 17 December 2007, the Company issued a zero-coupon convertible bond (the "Bond") with a nominal value of HK$84,000,000 and a maturity date of 16 December 2009. The Bond is convertible into a total of 30,000,000 ordinary shares of the Company with a par value of HK$0.10 each of the Company, at the conversion price of HK$2.8 per share at any time from 17 December 2007 up to the day falling seven days prior to the maturity date of the Bond on 16 December 2009. Any convertible bond not converted will be redeemed on 16 December 2009 at nominal value of the bond. The Bond can be redeemed at the option of the Company at an amount equal to 105% of the principal amount of the Bond being redeemed during the period from the date of issue to the date of maturity. Further details of the terms and conditions of the Bond are set out in the circular of the Company dated 26 November 2007.

The Bond issued on 17 December 2007 of HK$84,000,000 has been split into liability, equity and derivative components. On issuance of the Bond, the fair value of the liability component of the Bond was determined using the prevailing market interest rate for similar debt without a conversion option and is carried as a non-current liability. The fair values of the derivative component of the Bond were determined by using a Binomial Model and are included in the liability component. The residual amount is assigned to the conversion option as the equity component that is recognised in shareholders' equity. The derivative component is measured at fair value on the issuance date and any subsequent changes in fair value of the derivative component as at the balance sheet date are recognised in the consolidated income statement.

During the Period, the Bond holder granted consent so that the Company may elect to defer the repayment of the Bond in full to a later date not later than 30 June 2010.

The movement of the liability and derivative components of the Bond during the Period is set out below:

	30 June 2009 (Unaudited) ***HK$'000***	31 December 2008 (Audited) *HK$'000*
Liability component		
At 1 January	**78,149**	72,254
Interest expense	**3,131**	5,895
At 30 June 2009/31 December 2008	**81,280**	78,149
Derivative component – asset		
At 1 January	**–**	(30,762)
Fair value adjustment	**–**	30,762
At 30 June 2009/31 December 2008	**–**	–
Net liabilities recognised in the balance sheet	**81,280**	78,149

REVIEW OF RESULTS

The Directors would like to report that the Group recorded a turnover of HK$16,425,000 (30 June 2008: HK$16,134,000) for the six months ended 30 June 2009 (the "Period"), representing an increase of 1.8% compared with the corresponding period. Loss attributable to ordinary equity holders of the Company was HK$14,438,000 (30 June 2008: HK$3,021,000) for the Period.

BUSINESS REVIEW

The Group's turnover during the Period mainly comprised of rental income generated from the commercial podium located in Chongqing and Guangzhou, Mainland China.

Property investment

Chongqing

The rental income generated from leasing of the commercial units in Gang Yu Square (港渝廣場) in Chongqing remained steady during the Period as compared with 2008. The occupancy rate of the Gang Yu Square remained satisfactory during the Period. It is expected that the property would continue to generate a stable stream of recurring income to the Group.

Guangzhou

Currently, the Group has a 25% attributable interest in 廣州正大房地產開發有限公司 ("Guangzhou Zheng Da") which holds the property comprising three contiguous land parcels located at Yuexiu District, Guangzhou (the "Guangzhou Property").

The Guangzhou Property is located at the most prime commercial site area in Yuexiu District (越秀區), Guangzhou. Pending for re-developing into a commercial complex, the Guangzhou Property is presently comprised of a 2-storey non-permanent commercial podium under the trade name of Metropolitan Shoes City (大都市鞋城) and a car park for loading and offloading inventory. The commercial podium is mainly occupied by tenants engaging in the footwear wholesale business and is almost fully let.

The rental income generated from rental of commercial podium remained steady during the Period. It is expected that strong demand for commercial space at the prime location will push rental income higher in coming years.

FINANCIAL REVIEW

Liquidity and financial resources

The Group generally financed its businesses with internally generated cash flows, banking facilities and net proceeds from subscription of new shares during the Period. Cash and bank balances of the Group as at 30 June 2009 amounted to HK$14,796,000 (31 December 2008: HK$36,216,000) and pledged deposits of HK$9,000 (31 December 2008: HK$14,000).

As at 30 June 2009, the Group had outstanding borrowings of approximately HK$206,407,000 (31 December 2008: HK$213,594,000) comprising interest-bearing bank loans amounted to HK$51,575,000 (31 December 2008: HK$62,244,000), convertible bonds payable amounted to HK$81,280,000 (31 December 2008: HK$78,149,000), finance lease payable amounted to HK$1,255,000 (31 December 2008: HK$1,543,000), and loan from a director amounted to HK$72,297,000 (31 December 2008: HK$71,658,000). Of the Group's interest-bearing bank loans, 11%, 12%, 40% and 37% respectively were repayable within one year or on demand, in the second year, in the third to fifth years, inclusive and beyond five years. No bank loan as at 30 June 2009 was charged at fixed interest rate (31 December 2008: HK$8,960,000).

The Group's gearing ratio as at 30 June 2009 was 0.07 (31 December 2008: 0.07), calculated based on the Group's interest-bearing bank and other borrowings, of HK$206,407,000 (31 December 2008: HK$213,594,000) over total assets of HK$3,017,112,000 (31 December 2008: HK$3,013,819,000).

Currency structure

The Group had limited exposure to foreign exchange rate fluctuations as most of its transactions, including borrowings, were mainly conducted in Hong Kong dollars or Renminbi and the exchange rates of these currencies were relatively stable throughout the Period.

Pledge of assets

The Group had utilized bank loan facilities amounting to approximately HK$51,575,000 (31 December 2008: HK$62,244,000) as at 30 June 2009. The secured bank loans of HK$51,575,000 (31 December 2008: HK$53,284,000) were charged by the Group's investment properties and bank deposits as well as corporate guarantee executed by the Company.

Contingent liabilities

As at 30 June 2009, guarantees given for mortgage loans granted by banks to certain purchasers of the Group's properties amounted to HK$89,000 (31 December 2008: HK$139,000).

Material acquisition

On 26 October 2007, it was announced that the Group entered into a conditional sale and purchase agreement on 9 October 2007 (as amended on 26 October 2007) (the "Agreement") with the private companies wholly owned by Messrs. Ho Pak Hung, Ho Tsam Hung and Ho Kam Hung (collectively the "Vendors"), pursuant to which, amongst other things, the Vendors agreed to sell and an indirectly wholly-owned subsidiary of the Company (the "Purchaser") agreed to acquire 100% equity interest in Zheng Da Real Estate Development Company Limited ("Zheng Da") at a consideration of RMB1,814,800,000 (the "Acquisition"). The principal asset held by Zheng Da is the indirect entire interest in a property interest situated in Guangzhou. Details of the Acquisition had been set out in a circular of the Company dated 26 November 2007 (the "Circular").

As set out in the Circular, completion of the Acquisition would take place in four tranches to be completed in different phases on terms as follows:

Tranches	**Equity interests in Zheng Da represented**	**Consideration for each tranche** *(RMB)*	**Original expected completion date**
First Tranche	25%	453,700,000	31 December 2007
Second Tranche	26%	471,848,000	31 May 2008
Third Tranche	24%	435,552,000	31 October 2008
Fourth Tranche	25%	453,700,000	31 March 2009
	100%	1,814,800,000	

Pursuant to the terms and conditions of the Agreement, the Purchaser may at its sole discretion elect to defer completion of one or more tranches (except the First Tranche) to a date later than the expected completion date of the relevant tranche as mentioned above. If the Purchaser does not complete any of the tranches on or before the relevant expected completion date, the Purchaser is obliged to pay to the Vendors a deferred interest payment (the "Deferred Interest") calculated at the rate of 4% p.a. on the consideration for such tranche for the period commencing from the relevant original expected completion date and ending on and excluding the day when the relevant consideration is settled by the Purchaser or 31 March 2009, whichever the earlier. In the event that the entire Agreement does not complete by 31 March 2009 (the "Long Stop Date"), the Agreement shall lapse (save for any part of completed tranches) and the Purchaser shall have no liabilities save for the Deferred Interest obligations.

Completion of the First Tranche took place on 17 December 2007. As at 31 March 2009, the Second Tranche, the Third Tranche and the Fourth Tranche had not been completed. As such, the Purchaser was obliged to pay to Vendors the Deferred Interest of the Second Tranche and the Third Tranche, which was RMB22,927,000 (approximately HK$25,908,000) in total. No Deferred Interest was required to be paid by the Purchaser in respect of the Fourth Tranche as the original expected completion date for the Fourth Tranche was on 31 March 2009.

The Company entered into a supplemental agreement with the Vendors on 31 March 2009 (the "Second Supplemental Agreement") to extend the Long Stop Date for completion of the Second, the Third and the Fourth Tranches to 30 June 2009.

Since 31 March 2009, the Group and the Vendors have not yet concluded any revised terms for settlement of the consideration for, and completion timetable in relation to the aforesaid uncompleted tranches under, the Agreement. As such, the Group and the Vendors, on 29 June 2009, entered into the Third Supplemental Agreement to further extend the Long Stop Date by another six months to 31 December 2009 in order to give additional time for the parties to the Agreement to explore any opportunity to arrive at any revised terms for settlement of the consideration for, and completion timetable in relation to the uncompleted tranches, under the Agreement.

For the avoidance of doubt, despite the extension of the Long Stop Date pursuant to the Second Supplemental Agreement and the Third Supplemental Agreement, no additional Deferred Interest shall be chargeable for the period from 1 April 2009 to 31 December 2009, both days inclusive.

Placement of new shares

On 16 December 2008, the Company entered into a subscription agreement with an independent subscriber in respect of the subscription of 25,000,000 new shares at a subscription price of HK$0.60 per share. On 9 January 2009, the subscription was completed and raised net proceeds of HK$14,800,000, which was used as general working capital purpose.

EMPLOYEES AND REMUNERATION POLICY

The total staff cost for the Period was approximately HK$1.9 million. The Group employed about 26 full time staff in Hong Kong, Chongqing and Guangzhou as at 30 June 2009. Employees are remunerated according to the nature of their job and market trend, with built-in merit components incorporated in the annual increment to reward and motivate individual performance. In Chongqing and Guangzhou, the Group provided staff welfare and bonuses to its employees in accordance with the prevailing labour law. In Hong Kong, other staff benefits included medical schemes, Mandatory Provident Fund Schemes and employee share option scheme.

PROSPECTS

The Group remains optimistic on the development potential and prospects of the property market in Mainland China in the medium to long term spectrum. The Group aims to enhance the profile of its property interest in Chongqing and to increase its rental yield. The Company also intends to capture the opportunity to increase its stake in the property interest in Guangzhou which the Group already has 25% interest.

CHANGE IN DIRECTORSHIP

Ms. Lam Kuo, the non executive Chairman, served the early retirement notice to the Company on 26 February 2009 and her retirement was accepted by the Board on 28 February 2009.

The Board would like to express its gratitude to Ms. Lam for her contributions during her tenure.

CODE ON CORPORATE GOVERNANCE PRACTICE

In the opinion of the Directors, the Company complied with the Code on Corporate Governance Practice (the "Code") as set out in Appendix 14 of the Listing Rules throughout the Period, except for the following deviation:

Code Provision A.4.2

The second part of Code A.4.2 stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

The Managing Director of the Company, though without a specific term, had retired and voluntarily offered himself for re-election at general meetings in the past years. The Directors consider that this practice is in line with the spirit of the Code's practice.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company had adopted the Model Code set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions by its directors. Having made specific enquiry of the Directors, the Company confirmed that the Directors had complied with required standard set out in the Model Code throughout the accounting period covered by the interim report.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

REVIEW BY AUDIT COMMITTEE

The Interim Results had been reviewed by the Audit Committee of the Company.

PUBLICATION OF THE INTERIM REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2009

The interim report for the six months ended 30 June 2009 will be despatched to shareholders and will be published on the website of Hong Kong Exchange and Clearing Limited (www.hkex.com.hk) and the website of the Company (www.zhonghuagroup.com) in due course.

By order of the Board
Ho Kam Hung
Executive Director

Hong Kong, 4 September 2009

As at the date of this announcement, the board of directors of the Company comprises: (i) Mr. Ho Kam Hung as executive director; (ii) Mr. Young Kwok Sui as non-executive director; and (iii) Messrs. Lawrence K. Tam, Ms. Wong Miu Ting, Ivy and Mr. Wong Kui Fai as independent non-executive directors.

* *For identification purpose only*