ZHONGDA INTERNATIONAL HOLDINGS LIMITED

（中大國際控股有限公司*）

(Incorporated in Bermuda with limited liability)

(Stock Code: 00909)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2009

The board of directors (the "Board") of Zhongda International Holdings Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2009 together with the comparative figures for the corresponding period of 2008.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2009

		For the six months ended 30 June	
	Notes	**2009**	2008
		RMB'000	*RMB'000*
		(Unaudited)	*(Unaudited)*
Turnover	*4*	**130,052**	301,889
Cost of sales		**(112,683)**	(255,707)
Gross profit		**17,369**	46,182
Other revenue		**4,062**	2,286
Change in fair value of investment properties		**(1,101)**	11,860
Selling and distribution expenses		**(8,131)**	(9,065)
Administrative and other operating expenses		**(23,846)**	(25,505)
Finance costs	*5*	**(7,974)**	(7,117)
Share of results of associates		**(954)**	–
(Loss) profit before tax	*6*	**(20,575)**	18,641
Income tax credit (expense)	*7*	**275**	(2,169)
(Loss) profit for the period		**(20,300)**	16,472
Attributable to:			
Owners of the parent		**(16,479)**	18,181
Minority interests		**(3,821)**	(1,709)
		(20,300)	16,472
		RMB	RMB
(Loss) earnings per share	*9*		
– Basic		**(3.10 cents)**	3.43 cents
– Diluted		**N/A**	3.36 cents

* *For identification purpose only*

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2009

	For the six months ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
(Loss) profit for the period	**(20,300)**	16,472
Exchange differences arising on translation of the financial statements of foreign companies of the Group	**(199)**	(8,037)
Total comprehensive income for the period	**(20,499)**	8,435
Attributable to:		
Owners of the parent	**(16,678)**	10,144
Minority interests	**(3,821)**	(1,709)
	(20,499)	8,435

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2009

	Notes	**30 June 2009**	31 December 2008
		RMB'000	*RMB'000*
		(Unaudited)	*(Audited)*
Non-current assets			
Property, plant and equipment		**98,348**	100,233
Prepaid lease payments		**42,029**	42,514
Investment properties		**122,458**	123,559
Interests in associates		**17,506**	–
Prepayment for investments in associates		**438**	18,898
Available-for-sale investments		**900**	900
Deferred tax assets		**32,188**	32,188
		313,867	318,292
Current assets			
Prepaid lease payments		**970**	970
Inventories		**24,489**	58,581
Amount due from related companies		**63,572**	270,379
Amount due from an associate		**237,236**	705
Trade and bills receivables	*10*	**77,108**	95,718
Amounts due from customers for contract work		**33,877**	13,953
Held-for-trading investments		–	31
Prepayments and other receivables		**23,202**	26,557
Restricted deposit placed in a financial institution		**11,188**	5,000
Pledged bank deposit		**10,087**	10,149
Restricted bank balances		**147,500**	82,647
Bank balances and cash		**27,265**	31,097
		656,494	595,787

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 June 2009

	Notes	30 June 2009 RMB'000 (Unaudited)	31 December 2008 RMB'000 (Audited)
Current liabilities			
Amounts due to customers for contract work		**16,994**	1,068
Trade and bills payables	*11*	**301,258**	265,181
Advance receipt from customers		**7,773**	25,115
Other payables and accruals		**36,055**	35,658
Amounts due to an associate		**295**	37
Amounts due to related companies		**7,095**	1,666
Amounts due to directors		**5,256**	5,288
Loan from ultimate holding company		**39**	18,614
Tax payable		**27,093**	27,093
Bank overdrafts		**13,277**	7,991
Bank and other borrowings – due within one year		**205,867**	175,460
		621,002	563,171
Net current assets		**35,492**	32,616
Total assets less current liabilities		**349,359**	350,908
Capital and reserves			
Share capital		**55,402**	55,074
Reserves		**253,508**	263,618
Equity attributable to equity holders of the Company		**308,910**	318,692
Minority interests		**16,667**	20,488
		325,577	339,180
Non-current liabilities			
Convertible bond		**12,329**	–
Deferred tax liabilities		**11,453**	11,728
		23,782	11,728
		349,359	350,908

Notes:

1. **BASIS OF PREPARATION**

The condensed consolidated interim financial information have been prepared in accordance with the applicable disclosure provision of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with the Hong Kong Accounting Standard ("HKAS") No.34, Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

2. **PRINCIPAL ACCOUNTING POLICIES**

The condensed consolidated interim financial information have been prepared on the historical cost basis, except for investment properties and certain financial instruments, which are measured at fair values, as appropriate.

For the six months ended 30 June 2009, a convertible bond was issued and split into a debt component which is recognised in non-current liabilities of the condensed consolidated statement of financial position and an equity component which is recognised in equity.

The accounting policies used in the condensed consolidated interim financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2008, except for the accounting policies of the convertible bond as set out above and others as set out below.

In current period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretation ("new HKFRSs") issued by the HKICPA which are effective for the Group's financial year beginning 1 January 2009.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008 except for the amendments to HKFRS 5 which is effective for annual periods beginning on or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs 2009 in relation to the amendments to paragraph 80 to HKAS 39
HKFRS 2 (Amendment)	Share-based Payment – Vesting Conditions and Cancellations
HKFRS 7 (Amendments)	Financial Instrument: Disclosures – Improving Disclosure about Financial Instruments
HKFRS 8	Operating Segments
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs (Revised)
HKAS 32 and 1 (Amendments)	Puttable Financial Instruments and Obligation Arising on Liquidation
HKFRS 1 and HKAS 27 (Amendments)	Cost of Investment in a Subsidiary, Jointly Controlled Entity or Associate
HK (IFRIC)-Interpretation ("Int") 9 and HKAS 39	Reassessment of Embedded Derivatives
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 adoption of these new HKFRSs had no material effect on how the results and financial position of the Group for the current or prior accounting periods have been prepared and presented except for the change in presentation as described below.

2. **PRINCIPAL ACCOUNTING POLICIES (Continued)**

HKAS 1 (Revised) "Presentation of Financial Statements"

HKAS 1 (Revised) separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the standard introduces the statement of comprehensive income: it presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present two statements.

HKFRS 8 "Operating Segments"

This standard requires disclosure of information about the Group's operating segments and replaces the requirement to determine primary (business) and secondary (geographical) reporting segments of the Group. Adoption of this standard did not have any effect on the financial position or performance of the Group. The Group determined that the operating segments were the same as the business segments previously identified under HKAS 14 Segment Reporting.

The Group has not early adopted the following new or revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs issued in 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs issued in April 2009[2]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Amendment)	Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters[4]
HKFRS 1 (Revised)	First-time Adoption of HKFRSs[1]
HKFRS 2 (Amendment)	Share-based Payment – Group Cash-Settled Share-based Payment Transactions[4]
HKFRS 3 (Revised)	Business Combinations[1]
HK(IFRIC)-Int 17	Distribution of Non-cash Assets to Owners[1]
HK(IFRIC)-Int 18	Transfer of Assets from Customers[3]

1 Effective for annual periods beginning on or after 1 July 2009.
2 Effective for annual periods beginning on or after 1 July 2009 or 1 January 2010, as appropriate.
3 Effective for transfers of assets from customers received on or after 1 July 2009.
4 Effective for annual periods beginning on or after 1 January 2010.

3. **SEGMENT INFORMATION**

The Group has adopted HKFRS 8 "Operating Segments" with effect from 1 January 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports on the components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to these segments and to assess their performance. In contrast, the predecessor standard (HKAS 14 "Segment Reporting") required an entity to identify two sets of segments (business and geographical) using a risks and returns approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments.

In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a re-designation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14, nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

3. **SEGMENT INFORMATION (Continued)**

For management purposes, the Group is organised into four (2008: four) operating divisions – automobile equipment, buses, automobile spare parts and property investment. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Automobile equipment	–	manufacture and sales of automobile equipment
Buses	–	manufacture and sales of buses
Automobile spare parts	–	trading of automobile spare parts
Property investment	–	leasing of investment properties

Segment information for the six months ended 30 June 2009 and 2008 is as follows:

For the six months ended 30 June 2009

	Automobile equipment *RMB'000*	**Buses** *RMB'000*	**Automobile spare parts** *RMB'000*	**Property investment** *RMB'000*	**Total** *RMB'000*
TURNOVER	**55,402**	**57,468**	**13,140**	**4,042**	**130,052**
RESULTS					
Segment results	**(6,702)**	**(3,337)**	**(1,368)**	**2,941**	**(8,466)**
Unallocated corporate expenses					**(4,996)**
Share of results of associates					**(954)**
Interest income					**1,815**
Finance costs					**(7,974)**
Loss before tax					**(20,575)**
Income tax credit					**275**
Loss for the period					**(20,300)**

3. SEGMENT INFORMATION (Continued)

For the six months ended 30 June 2008

	Automobile equipment *RMB'000*	Buses *RMB'000*	Automobile spare parts *RMB'000*	Property investment *RMB'000*	Total *RMB'000*
TURNOVER	105,111	84,779	109,576	2,423	301,889
RESULTS					
Segment results	6,034	4,320	4,502	14,283	29,139
Unallocated corporate expenses					(4,008)
Interest income					627
Finance costs					(7,117)
Profit before tax					18,641
Income tax expense					(2,169)
Profit for the period					16,472

4. TURNOVER

	For the six months ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Sales of goods	**101,692**	279,998
Revenue from construction contracts	**8,633**	12,097
Commission income	**15,685**	7,371
Rental income	**4,042**	2,423
	130,052	301,889

5. FINANCE COSTS

	For the six months ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Interest on bank and other borrowings wholly repayable within five years	**5,161**	5,131
Interest on discounted bills	**2,642**	1,986
Effective interest on convertible bond	**171**	–
	7,974	7,117

6. (LOSS) PROFIT BEFORE TAX

(Loss) profit before tax has been arrived at after charging (crediting):

	For the six months ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Depreciation on property, plant and equipment	**3,546**	3,524
Amortisation on prepaid lease payments on land use rights	**485**	485
Gain on disposal of property, plant and equipment	**–**	60
Allowance for bad and doubtful debts	**–**	1,439
Change in fair value of investment properties	**1,101**	(11,860)
Rental income from investment properties	**(4,042)**	(2,423)

7. INCOME TAX (CREDIT) EXPENSE

	For the six months ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Current tax:		
– People's Republic of China ("PRC") Enterprise Income Tax ("EIT")	**–**	2,509
– Hong Kong Profits Tax	**–**	1,097
	–	3,606
Deferred tax:		
– Current period	**(275)**	(1,437)
	(275)	2,169

No Hong Kong Profits Tax has been provided in the condensed consolidated interim financial information as the Group had no assessable profits in Hong Kong for the current period. Hong Kong Profits Tax was calculated at 17.5% on the estimated assessable profits for the previous period.

In accordance with the relevant rules and regulations in the PRC, except for Yancheng Ausen Industrial Equipment Manufacture Co., Ltd. ("Ausen Industrial Equipment"), all other PRC subsidiaries are subject to EIT at a rate of 25% (2008: 25%).

Pursuant to an approval document dated 20 December 2004 issued by the State Tax Bureau of Yancheng, Ausen Industrial Equipment, being a foreign investment enterprise, is qualified as a production enterprise and entitles to EIT exemption for the years 2004 and 2005 and a 50% reduction in EIT for the years from 2006 to 2008. The application of the New Tax Law has not altered the entitlement of Ausen Industrial Equipment for the preferential tax rate. The applicable income tax rate of Ausen Industrial Equipment is 25% (2008: 12.5%).

8. **DIVIDENDS**

The directors of the Company do not recommend the payment of any interim dividend for the periods ended 30 June 2009 and 2008.

9. **(LOSS) EARNINGS PER SHARE**

The calculation of the basic loss per share (Period ended 30 June 2008: earnings per share) is based on the Group's loss attributable to owners of the parent of approximately RMB16,479,000 (Period ended 30 June 2008: profit of approximately RMB18,181,000) and the weighted average number of ordinary shares of 530,753,000 (Period ended 30 June 2008: 530,004,200) in issue during the period.

No diluted loss per share is presented for the period ended 30 June 2009 as the exercise of potential dilutive ordinary shares would result in reduction in loss per share.

During the period ended 30 June 2008, the calculation of the diluted earnings per share is based on the Group's profit attributable to owners of the parent of approximately RMB18,181,000 and the weighted average number of ordinary shares of 540,516,136 in issue after adjusting for the effect of all dilutive potential ordinary shares.

10. **TRADE AND BILLS RECEIVABLES**

	30 June 2009	31 December 2008
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Trade receivables	**146,479**	164,409
Less: Allowance for bad and doubtful debts	**(70,206)**	(70,206)
	76,273	94,203
Bills receivables	**835**	1,515
	77,108	95,718

The Group allows credit period ranging from 30 to 180 days to its trade customers. The following is an aged analysis of trade receivables net of allowance for doubtful debts at the reporting date:

	30 June 2009	31 December 2008
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
0-180 days	**52,318**	68,383
181-365 days	**10,956**	8,886
1-2 years	**11,778**	10,199
Over 2 years	**1,221**	6,735
Total	**76,273**	94,203

11. TRADE AND BILLS PAYABLES

The following is an ageing analysis of trade and bills payables at the balance sheet date:

	30 June 2009	31 December 2008
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
0-180 days	**94,948**	136,662
181-365 days	**7,188**	9,725
1-2 years	**9,142**	5,617
Over 2 years	**1,740**	1,002
	113,018	153,006
Bills payable	**188,240**	112,175
	301,258	265,181

The average credit period on purchases of goods is ranging from one to six months.

12. COMPARATIVE FIGURES

Certain comparative figures have been restated to conform with current period's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

During the period under review, the Group's turnover recorded a substantial drop by 56.9% to approximately RMB130.0 million. It was mainly attributable to the economic downturn that triggered by United States sub-prime mortgage crisis since last year. There is little sign of recovery not until mid 2009.

Automobile Repair and Maintenance Equipment

During the period, export sales of the Group comprising mainly automobile spray booths and car lifters were approximately RMB9.1 million, representing a large decrease of 56.0% when compared with the previous period due to global shrinkage of automobile industry. The overall turnover was approximately RMB55.4 million which decreased substantially by 47.3% when compared with the last corresponding period. While it is expected that the global economy would still be weak and export sales would not be recovered in short term, not only do we continue developing new products in order to maintain our competitiveness in the market but we would also expand towards emerging markets that are less affected by the financial turnmoil.

Trading of Automobile Spare Parts

Yancheng Zhongda Automobiles Equipment Co. Ltd. is the procurement center for both the Group and the Zhongda Industrial Group Corporation ("ZIG"). The turnover of this segment was approximately RMB13.1 million which drastically decreased by 88% when compared with last period. It was mainly due to the delivery deferred in some bulk orders by overseas customers and the difficult economy. Moving forward, we are still planning to upgrade this platform to serve our affiliate companies and joint ventures. In the long run, we would expand and open this platform to serve outside customers.

Automobile (Double-Decker) Manufacturing

In the first half of 2009, Nanjing Zhongda Jinling Double-Decker Bus Manufacture Co. Ltd. has contributed revenue of approximately RMB57.5 million, accounting for approximately 44.2% of the Group's total revenue. The Group also strives to enhance the manufacturing technology in order to ensure that all our products shall comply with future environmental protection requirements. After having enhanced the management of Zhongda Jinling, it will continue to exploit and develop overseas markets that providing better margin. Currently, our double-decker has already been running on the roads in Egypt, Doha and United Arab Emirates.

Zhongwei Bus

During the period, the Group has completed the acquisition of 20% shareholdings of Zhongwei Bus ("Zhongwei"). Zhongwei becomes our associated company which is specialized in manufacturing of long-haul coaches. Its products have been sold to over 40 countries around the world. During the first six months of the year, its export sales dropped tremendously as a result of 1) the global adverse economical situation, 2) delay in delivery of some bulk orders as requested by customers while the respective cost has been reflected in the period. Therefore, this segment reported an operating loss because of the captioned mismatching and the drop in sales. Meanwhile, the situation is improving and we expected that business would be getting back to its right track in the coming months. Going ahead, the Group will continue to work closely with ZIG step by step to look into further possible co-operations so as to enlarge the Group's revenue stream.

FINANCIAL REVIEW AND LIQUIDITY

Gross Margin

As affected by 1) intense price competition in the market, 2) the dilution effect on the increase in proportion of revenue contribution from buses manufacturing and auto parts trading business, the gross profit margin of the period has declined slightly from 15.3% to 13.4% when compared with the same period last year.

Net Loss

The Group has recorded a net loss of approximately RMB20.3 million when compared with a net profit of approximately RMB16.5 million of the last period. Basic loss per share for the period was RMB3.10 cents.

Liquidity

Liquidity as measured by current ratio (defined as "Current Asset/Current Liabilities") with a ratio of 1.1x during the period was considered as still acceptable. Regarding the current assets, approximately 29.9% were cash and bank deposit.

Leverage

Net gearing ratio (defined as "Total bank debts – Cash available/Total Net Worth") was decreased to 0.07x during the period from 0.16x as at financial year ended 2008. The Group will take effort to retain its leverage at a satisfactory level.

As at 30 June 2009, cash and bank balances of the Group amounted to approximately RMB196 million (31 December 2008: RMB129 million). Cash is mainly denominated in Renminbi. There was no long term bank loan (31 December 2008: Nil) and the short term bank loans was amounted to approximately RMB219 million (31 December 2008: RMB183 million) which representing an increase of approximately RMB35.7 million.

The interest rates of bank borrowings ranged between 1.18% and 6.37% per annum (31 December 2008: between 1.25% and 9.71%). The collaterals provided for these bank borrowings mainly comprised certain land use rights and buildings of the subsidiaries of the Group. The revenue of the Group was mainly denominated in Renminbi and US Dollar, and the borrowings were mainly settled in Renminbi. The directors are of the view that since the exchange rate between Renminbi and US Dollar is relatively stable, there is no significant risk in relation to foreign exchange fluctuation.

Assets

As at 30 June 2009, the net asset value of the Group amounted to approximately RMB325.6 million (31 December 2008: RMB339 million), representing a decrease of approximately 0.4%. Net current assets amounted to approximately RMB35.5 million (31 December 2008: RMB32.6 million), an increase of approximately 9% from last year.

PROSPECT

The global economic turmoil triggered by US sub-prime mortgage is still casting its effect over all sectors globally. With worldwide co-operation to curb the spread of an economic depression, the situation seems to be under control but the signal of recovery is still blur. However, it is expected the demand for commercial vehicles is less affected especially in emerging markets including Africa, the Middle East, South America, Eastern Europe and Asia. The Group will continue to develop and explore our business in these areas. In fact, we are recently concluding bulk sales orders of coaches with some African and Middle-East countries. In addition, we would increase our effort to exploit domestic markets especially in those provinces in western and north-western part of the PRC.

In recent years, the PRC government has implemented a series of policies to support the development of new energy automobile industry. As a result, the Group has located certain partners and worked closely with them to exploit this opportunity. We will adjust our business and operation strategies when necessary in response to the ever-changing environment in order to strengthen the Group's profit.

Looking ahead, the Group will implement a strategy of steady growth and seek to capture more new business opportunities in order to generate satisfactory return to our stakeholders.

EMPLOYEE REMUNERATION POLICIES

As at 30 June 2009, the Group employed a total of 1,300 (31 December 2008: 1,300) full time employees.

The Group provides remuneration package to employees largely based on industry practice, individual performance, qualification and experience. In addition, discretionary bonus and share option may be granted to eligible staff by reference to the Group's performance and individual performance. The Group also provides other benefits to its employees such as medical and statutory retirement benefits for both the directors and employees.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the six months ended 30 June 2009, the Company repurchased a total of 274,000 shares of the Company on The Stock Exchange of Hong Kong Limited at an aggregate purchase price of HK$41,608. Details of the repurchases are as follows:

Month of the repurchases	**Number of shares repurchased**	**Price per share**		**Aggregate purchase price (excluding expenses)**
		Highest	**Lowest**	
		HK$	*HK$*	*HK$*
January 2009	274,000	0.155	0.150	41,608

The above repurchases were effected by the directors, pursuant to the general mandate granted by the shareholders, with a view to benefit shareholders as a whole in enhancing the net assets and earnings per share of the Company. The repurchased shares had been cancelled during the period under review.

Save as disclosed above, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of any listed securities of the Company during the period ended 30 June 2009.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE PRACTICES

In the opinion of the directors, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 to the Listing Rules during the six months ended 30 June 2009, except for deviation as below:

E.1.2: Neither the Chairman of the Company nor members of audit committee of the Company attended the annual general meeting of the Company held on 26 June 2009 because of their respective business engagements. The directors present thereat conducted the meeting in a duly constituted and proper manner.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by directors (the "Code of Conduct") on terms no less exacting than the required standard of the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules.

Having made specific enquiry with all directors, each of whom has confirmed compliance with the required standard set out in the Code of Conduct throughout the six months ended 30 June 2009.

AUDIT COMMITTEE

The Company established an audit committee with terms of reference no less exacting than the required standard as set out in the code provisions of the CG Code. The primary duties of the audit committee are to review and supervise the financial reporting process and the internal control system of the Group. The audit committee has three members comprising all the independent non-executive directors of the Company. The unaudited consolidated results of the Group for the six months ended 30 June 2009 have been reviewed by the Company's audit committee and auditors respectively.

REMUNERATION COMMITTEE

The Company established a remuneration committee with terms of reference no less exacting than the required standard as set out in the code provisions of the CG Code. The primary duties of the remuneration committee are to review and make recommendation for the remuneration policy of the directors and senior management. The remuneration committee comprises two independent non-executive directors, Mr. Gu Yao Tian and Mr. Li Xinzhong, and one executive director, Mr. Zhang Yuqing.

By Order of the Board
Xu Lian Guo
Chairman

Hong Kong, 25 September 2009

As at the date hereof, the Board comprises Messrs. Xu Lian Guo, Xu Lian Kuan, Zhang Yuqing and Kwok Ming Fai as executive directors, and Messrs. Gu Yao Tian, Sun Ka Ziang Henry and Li Xinzhong as independent non-executive directors of the Company.