

**CHINA GATEWAY INTERNATIONAL PLC  
(FORMERLY COMMERCIAL GROUP PROPERTIES PLC)  
UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 31 MAY 2009**

**CHINA GATEWAY INTERNATIONAL PLC  
(FORMERLY COMMERCIAL GROUP PROPERTIES PLC)**

**FINANCIAL STATEMENTS**

**PERIOD FROM 1 DECEMBER 2008 TO 31 MAY 2009**

<b>CONTENTS</b>	<b>PAGES</b>
Chairman's Statement	1
Balance sheet	2
Income statement	3
Statement of changes in equity	4
Cash flow statement	5
Notes to the financial statements	6 to 8
Auditors' review report	9 to 10

**CHINA GATEWAY INTERNATIONAL PLC  
(FORMERLY COMMERCIAL GROUP PROPERTIES PLC)**

**CHAIRMANS REPORT**

**PERIOD FROM 1 DECEMBER 2008 TO 31 MAY 2009**

On 26 June Commercial Group Properties Plc announced a change of its company name to China Gateway International Plc (CGI). This change effectively brought the Company name more in tune with our proposed end user and reflected the importance of our Chinese business activity. Our new name promotes the globalisation opportunities for Chinese businesses and our property's key location as a gateway to Europe for them.

The Company has continued building on its strong relationships in China during the period under review. This has resulted in several opportunities for potential investment into its Manston project. China Gateway International is fortunate to have the support of the United Nations Industrial Development Organisation (UNIDO) and Investment and Trade Promotion Office (ITPO) in China and has been working hard to establish the key foundation that will help to deliver the first elements of construction at Manston.

Despite difficult times for the worldwide economy, the Company remains on track to commence development at Manston during the first half of 2010.

The Board continues to believe that, given its excellent relationships with China, CGI is in a position to capitalise on their globalisation program. Despite the current financial challenges, the Company still expects to increase the value of its investment property at Manston by the progression of China Gateway through continued support of its existing lending bank and access to new finance sources with support from UNIDO and ITPO – China.

The Company acknowledges the support of local agencies including the South East England Development Agency (SEEDA) and Thanet District Council for their continued support of the Company's development proposals.

ROBIN BOLTON

26 August 2009

**CHINA GATEWAY INTERNATIONAL PLC  
(FORMERLY COMMERCIAL GROUP PROPERTIES PLC)**

**BALANCE SHEET**

**PERIOD FROM 1 DECEMBER 2008 TO 31 MAY 2009**

	Note	Unaudited 31 May 09 £	Unaudited and restated 31 May 08 £	Audited 30 Nov 08 £
<b>ASSETS</b>				
<b>Non-current assets</b>				
Investment property	4	55,650,000	51,983,637	55,650,000
Fixtures and fittings		4,728	7,881	6,307
Deferred tax asset		1,762,146	778,740	1,352,533
Total non-current assets		57,416,874	52,770,258	57,008,840
<b>Current assets</b>				
Properties intended for sale		2,000,000	4,873,889	2,000,000
Trade and other receivables		103,948	174,990	116,914
Cash and cash equivalents		30,763	45,143	32,760
Total current assets		2,134,711	5,094,022	2,149,674
<b>TOTAL ASSETS</b>		<b>59,551,585</b>	<b>57,864,280</b>	<b>59,158,514</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Issued share capital		210,000	210,000	210,000
Share premium		15,064,740	15,064,740	15,064,740
Retained earnings		5,935,000	8,469,596	7,155,592
Total equity		21,209,740	23,744,336	22,430,332
<b>Non-current liabilities</b>				
Interest bearing loans and borrowings		-	27,300,247	-
Deferred tax provision		7,447,026	6,623,784	7,447,026
Total non-current liabilities		7,447,026	33,924,031	7,447,026
<b>Current liabilities</b>				
Bank overdraft		-	44	-
Trade and other payables		694,822	195,869	952,410
Interest bearing loans and borrowings	5	30,199,997	-	28,328,746
Total current liabilities		30,894,819	195,913	29,281,156
<b>Total liabilities</b>		<b>38,341,845</b>	<b>34,119,944</b>	<b>36,728,182</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>59,551,585</b>	<b>57,864,280</b>	<b>59,158,514</b>

These financial statements were approved by the directors on 26 August 2009 and are signed on their behalf by:

.....  
K E WILLS

**CHINA GATEWAY INTERNATIONAL PLC  
(FORMERLY COMMERCIAL GROUP PROPERTIES PLC)**

**INCOME STATEMENT**

**PERIOD FROM 1 DECEMBER 2008 TO 31 MAY 2009**

	Unaudited 31 May 09	Unaudited and restated 31 May 08	Audited 30 Nov 08
Note	£	£	£
<b>Continuing operations:</b>			
Write down properties for sale	-	(6,725,682)	(9,599,571)
Administrative expenses	<b>(556,914)</b>	(693,402)	(1,291,293)
Other operating income	<b>24,930</b>	27,656	60,770
Fair value (losses)/gains on investment property	<b>(613,908)</b>	-	2,940,150
<b>OPERATING LOSS</b>	<b>(1,145,892)</b>	(7,391,428)	(7,889,944)
Finance income	-	3,929	3,934
Finance costs	<b>(484,313)</b>	(423,591)	(989,635)
<b>LOSS BEFORE TAXATION</b>	<b>(1,630,205)</b>	(7,811,090)	(8,875,645)
Corporation tax	<b>409,613</b>	78,914	(170,535)
<b>LOSS FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS</b>	<b>(1,220,592)</b>	(7,732,176)	(9,046,180)
<b>Loss per ordinary share (pence)</b>			
Basic	<b>6</b>	<u>(5.81)</u>	<u>(36.82)</u>
		<u>(43.07)</u>	

**CHINA GATEWAY INTERNATIONAL PLC  
(FORMERLY COMMERCIAL GROUP PROPERTIES PLC)**

**STATEMENT OF CHANGES IN EQUITY**

**PERIOD FROM 1 DECEMBER 2008 TO 31 MAY 2009**

	Share capital £	Share premium £	Revaluation Reserve (restated) £	Retained Earnings (restated)	Unaudited Total £
As at 1 December 2007 as previously reported	210,000	15,064,740	19,695,273	(830,815)	34,139,198
Change in accounting policy for reclassification of deferred expenditure	-	-	(3,698,175)	-	(3,698,175)
Change in accounting policy for property under development	-	-	(23,656,371)	23,656,371	-
Decrease/(increase) in deferred tax	-	-	7,659,273	(6,623,784)	1,035,489
Balance at 1 December 2007 as restated	210,000	15,064,740	-	16,201,772	31,476,512
Loss for the period	-	-	-	(7,732,176)	(7,732,176)
<b>As at 31 May 2008</b>	<b>210,000</b>	<b>15,064,740</b>	<b>-</b>	<b>8,469,596</b>	<b>23,744,336</b>

	Share capital £	Share premium £	Revaluation reserve £	Retained Earnings	Unaudited Total £
As at 1 December 2008	210,000	15,064,740	-	7,155,592	22,430,332
Loss for the period	-	-	-	(1,220,592)	(1,220,592)
<b>As at 31 May 2009</b>	<b>210,000</b>	<b>15,064,740</b>	<b>-</b>	<b>5,935,000</b>	<b>21,209,740</b>

**CHINA GATEWAY INTERNATIONAL PLC  
(FORMERLY COMMERCIAL GROUP PROPERTIES PLC)**

**CASH FLOW STATEMENT**

**PERIOD FROM 1 DECEMBER 2008 TO 31 MAY 2009**

	<b>Unaudited 31 May 09 £</b>	Unaudited and restated 31 May 08 £	Audited 30 Nov 08 £
<b>Cash used in Operations</b>			
(Loss) before taxation	<b>(1,630,205)</b>	(7,811,090)	(8,875,645)
Adjustments for:			
Fair value of investment property	<b>613,908</b>	-	(2,940,149)
Write down properties for sale	-	6,725,682	-
Depreciation	<b>1,579</b>	1,579	3,153
Interest income	-	(3,929)	(3,934)
Interest expense	<b>484,313</b>	423,591	989,635
Decrease/(increase) in trade and other receivables	<b>12,966</b>	(118,815)	(60,739)
Decrease in inventories	-	-	9,599,571
(Decrease) in trade payables	<b>(257,587)</b>	(796,727)	(40,188)
<b>Cash used in Operations</b>	<b>(775,026)</b>	(1,579,709)	(1,328,296)
Interest paid	<b>(484,313)</b>	(423,591)	(989,635)
Corporation tax paid	-	-	-
<b>Net Cash used in Operating Activities</b>	<b>(1,259,339)</b>	(2,003,300)	(2,317,931)
<b>Cash Flows from Investing Activities</b>			
Purchase of property, fixtures and fittings	<b>(613,908)</b>	(1,083,637)	(1,809,850)
Interest received	-	3,929	3,934
<b>Net Cash from Investing Activities</b>	<b>(613,908)</b>	(1,079,708)	(1,805,916)
<b>Cash Flows from Financing Activities</b>			
Net proceeds from issue of share capital	-	-	-
Proceeds from short-term borrowings	<b>1,871,250</b>	-	3,833,183
Proceeds from long-term borrowings	-	2,804,683	-
<b>Net Cash from Financing Activities</b>	<b>1,871,250</b>	2,804,683	3,833,183
<b>Net (Decrease)/Increase in Cash and Cash Equivalents</b>	<b>(1,997)</b>	(278,325)	(290,664)
<b>Cash and Cash Equivalents and bank overdrafts at Beginning of Period</b>	<b>32,760</b>	323,424	323,424
<b>Cash and Cash Equivalents and bank overdrafts at end of period</b>	<b>30,763</b>	45,099	32,760
Bank overdrafts	-	44	-
<b>Cash and Cash Equivalents at End of Period</b>	<b>30,763</b>	45,143	32,760

**NOTES TO THE FINANCIAL STATEMENTS**

**PERIOD FROM 1 DECEMBER 2008 TO 31 MAY 2009**

**1 General Information**

The Company is incorporated in the United Kingdom. The address of its registered office is One America Square, Crosswall, London, EC3N 2SG.

On 25 June 2009 the Company changed its name to China Gateway International plc.

The Company is listed on AIM.

This interim financial information was approved for issue on 26 August 2009.

This interim financial information has been reviewed, not audited.

**2 Basis of Preparation**

The interim financial information set out above does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. It has been prepared on a going concern basis in accordance with the recognition and measurement criteria of the International Financial Reporting Standards (IFRS) as adopted by the European Union. The accounting policies applied in preparing the financial information are consistent with those that have been adopted in the Company's 2008 audited statutory accounts. Statutory accounts for the year ended 30 November 2008 were approved by the Board of Directors on 20 May 2009 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified.

The financial information for the 6 months ended 31 May 2009 and the 6 months ended 31 May 2008 has not been audited. As permitted, the Company has chosen not to adopt IAS 34 "Interim Financial Statements" in preparing this interim financial information.

**3 Accounting policies**

As described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 30 November 2008, as detailed in those annual financial statements except for the following:

Following the period after releasing the interim financial statements to 31 May 2008, the Company changed its accounting policy with respect to its property under development and reclassified deferred expenditure as an addition to investment property. The property under development was reclassified as investment property held under the fair value model and the subsequent fair value gain was credited directly to the Income Statement. Management judges that this policy provides reliable and more relevant information because it results in a more transparent treatment of these matters. This change in accounting policy has been accounted for retrospectively, and the comparative figures for 31 May 2008 have been restated. The effect of the change on 31 May 2008 is tabulated below.

**Effect on 31 May 2008**

**Balance sheet**

Reclassification of deferred expenditure	(3,698,175)
Reclassification of property under development	(51,983,637)
Reclassification of investment property	51,983,637
Decrease in total assets at 31 May 2008	(3,698,175)

**NOTES TO THE FINANCIAL STATEMENTS**

**PERIOD FROM 1 DECEMBER 2008 TO 31 MAY 2009**

**3 Accounting policies (continued)**

**Effect on 31 May 2008**

**Balance sheet**

Elimination of revaluation reserve	(19,695,273)
Decrease in deferred tax	(1,035,489)
Increase in retained earnings	17,032,587
	<hr/>
Decrease in total equity and liabilities at 31 May 2008	(3,698,175)
	<hr/> <hr/>

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The following new standards, amendments to standards and interpretations have been issued but are not effective or not yet endorsed for the financial year beginning 1 December 2008 and have not been early adopted:

- Amendments to IFRS 1, 'First-time Adoption of International Financial Reporting Standards', effective for annual periods beginning on or after 1 January 2010. This is not relevant to the company, as it has already adopted International Financial Reporting Standards.
- IFRS 2 (amendment) 'Share-based payment', effective for annual periods beginning on or after 1 January 2009 and subject to EU endorsement. This is not relevant to the company, as the company does not have any share based payments

**Going Concern**

In considering the Company's ability to continue in operations for the foreseeable future, the Directors have considered the Company's forecast operating cash-flows for the period up to the end of May 2010, and the development cash-flows associated with the Company's investment properties over periods appropriate to the development in each case.

In the view of the Directors, the Company requires continued financial support in order to continue as a going concern. These condensed Financial Statements have been prepared on a going concern basis in view of the continued support being received from the Company's lending bank, Israel Discount Bank. That support takes the form of facilities available subject to general conditions as described below.

The Company's loan facility at the balance sheet date was £30.2 million and this was extended to £31.4 million in July 2009. This facility is subject to review on 31 October 2009. The facility is repayable on demand; however, the bank has confirmed that subject to no breach of covenants, it is their present intention to continue to make this facility available until 30 June 2010. The Directors have reviewed the relevant aspects of the Company's forecasts and the potential development position of the investment property for the period to 30 June 2010 and consider that there should be no breaches of the covenants concerned.

In February 2010 the position regarding increased facilities to cover ongoing interest and working capital requirements will be reviewed in the light of progress achieved in negotiations with other investment and funding sources.

**NOTES TO THE FINANCIAL STATEMENTS**

**PERIOD FROM 1 DECEMBER 2008 TO 31 MAY 2009**

**3 Accounting policies (continued)**

The Directors are confident of a satisfactory outcome to the ongoing discussions with other investment and funding sources and of the continuing support of the Company's lending bank with whom they continue to have a close and productive business relationship.

After making enquiries, and considering the matters described above, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the condensed Financial Statements.

**4 INVESTMENT PROPERTY**

The Manston site was last revalued at 16 October 2008.

**5 BANK BORROWINGS**

The bank facility at 31 May 2009 was £30.2million. This has subsequently been increased to £31.4million in July 2009. The facility is repayable on demand; however, the bank has confirmed that it is their present intention to continue to make this facility available until 30 June 2010, subject to a review on 31 October 2009.

**6 LOSS PER SHARE**

**Basic**

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	<b>6 months to 31 May 09</b>	6 months to 31 May 08	Period to 30 Nov 08
	£	£	£
Loss attributable to equity holders of the Company	<b><u>(1,220,592)</u></b>	<u>(7,732,176)</u>	<u>(9,046,180)</u>
Weighted average number of ordinary shares in issue	<b><u>21,000,000</u></b>	<u>21,000,000</u>	<u>21,000,000</u>
Basic loss per share (pence per share)	<b><u>(5.81)p</u></b>	<u>(36.82)p</u>	<u>(43.07)p</u>

**Diluted**

The company has no dilutive potential ordinary shares and therefore the weighted average number of ordinary shares in issue is the same as for basic earnings per share calculation.

**INDEPENDENT REVIEW REPORT TO THE DIRECTORS**

**Auditors review report**

We have been engaged by the Company to review the condensed set of Financial Statements in the half-yearly financial report for the six months ended 31 May 2009 which comprise the balance sheet, income statement, statement of changes in equity, cash flow statement and related notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

**Directors' Responsibilities**

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the AIM Rules for Companies.

The annual Financial Statements of the Company are prepared in accordance with the recognition and measurement criteria of IFRSs as adopted by the European Union. The condensed set of Financial Statements included in this half-yearly financial report has been prepared in accordance with the AIM Rules for Companies.

**Our Responsibility**

Our responsibility is to express to the Company a conclusion on the condensed set of Financial Statements in the half-yearly financial report based on our review. This report, including the conclusion, has been prepared for and only for the Company for the purpose of the AIM Rules for Companies. We do not, in producing this report, accept or assume responsibility for any other purpose to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

**Scope of review**

We conducted our review in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**INDEPENDENT REVIEW REPORT TO THE DIRECTORS**

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of Financial Statements in the half-yearly financial report for the six months ended 31 May 2009 is not prepared, in all material respects, in accordance with the AIM Rules for Companies.

***Emphasis of matter – Going concern***

In forming our conclusion on the condensed set of Financial Statements, which is not qualified, we have considered the adequacy of the disclosure made in the statement on going concern in Note 3 of the condensed Financial Statements. The matters detailed in the disclosures indicate the continued existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern, as reported in the Annual Report and Financial Statements for the year ended 30 November 2008. The Financial Statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

Littlejohn LLP  
Chartered Accountants and  
Registered Auditors  
1 Westferry Circus  
Canary Wharf  
London E14 4HD

26 August 2009