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Zhongda International Holdings Limited

中大國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 909)

DISCLOSEABLE TRANSACTION THE ESTABLISHMENT OF A CHASSIS MANUFACTURING JOINT VENTURE IN VIETNAM

The Board is pleased to announce that, on 24 March 2007, ZIAI and Vinamotor entered into a Joint Venture Co-operation Agreement relating to the proposed establishment of the JV Company in Vietnam. Upon establishment of the JV Company, ZIAI and Vinamotor will be interested in 50% and 50% of the issued share capital of the JV Company respectively.

The formation of the JV Company shall be subject to, among other things, the signing of the Joint Venture Contract between ZIAI and Vinamotor and the finalisation of the memorandum and articles of the JV Company. The Company shall make further announcement(s) under the Listing Rules in due course.

The Joint Venture Co-operation Agreement constitutes a discloseable transaction for the Company under the Listing Rules. A circular containing, amongst others, details of the Joint Venture Co-operation Agreement will be sent to the shareholders of the Company as soon as practicable.

Reference is made to the announcement made by the Company on 6 February 2007 in relation to the letter of intent for assignment of the JV letter of intent on investment and establishment of a chassis manufacturing joint venture in Vietnam.

THE JOINT VENTURE CO-OPERATION AGREEMENT DATED 24 MARCH 2007

The Board is pleased to announce that, on 24 March 2007, ZIAI and Vinamotor entered into a Joint Venture Co-operation Agreement relating to the proposed establishment of the JV Company in Hanoi, Vietnam. Upon establishment of the JV Company, ZIAI and Vinamotor will be interested in 50% and 50% of the issued share capital of the JV Company

respectively. The Parties have agreed to form the JV Company in accordance to the principal terms and conditions as follows:

JV Parties

ZIAI, an indirect wholly-owned subsidiary of the Company.

Vinamotor, an enterprise under the Ministry of Transport, Vietnam and is incorporated in Vietnam and its ultimate beneficial owners are independent third parties and not connected with any directors, chief executive or substantial shareholders of the Company, its subsidiaries or their respective associates pursuant to the Listing Rules, whose principal business is engaged in the manufacturing and trading of vehicles, chassis and auto parts.

Registered Capital

The registered capital of the JV Company shall be approximately USD20 million (equivalent to approximately HK\$156 million) in which:

- (a) 50%, i.e. approximately USD10 million (equivalent to approximately HK\$78 million) will be contributed by ZIAI by way of internal resources of the Group and/or banking facilities and/or any other financing of the Group, as and when necessary; and
- (b) 50%, i.e. approximately USD10 million (equivalent to approximately HK\$78 million) will be contributed by Vinamotor.

The registered capital of the JV Company shall be injected in two phases of USD10 million (equivalent to approximately HK\$78 million) each.

It is expected that the results of the JV Company shall be consolidated into the accounts of the Group subject to finalisation of the terms and conditions of the Joint Venture Contract, including the board representation by ZIAI.

Total Investment

The total investment of the JV Company is expected to be approximately USD60 million (equivalent to approximately HK\$468 million). The JV Company is to raise a total amount of USD40 million (equivalent to approximately HK\$312 million) loans from independent financial institutions in accordance with its operation requirement. The Company is not committed to give any guarantees in support of the loans. Save as disclosed, there is no other capital commitment from ZIAI and Vinamotor pursuant to the Joint Venture Co-operation Agreement.

Scope of Business

The JV Company shall be principally engaged in the following businesses:

- (a) manufacturing of all types of chassis frames, frame parts, auto parts and vehicles;
- (b) assembling and manufacturing of commercial vehicle bare chassis; and

(c) import and export of vehicles and auto parts.

In relation to the proposed business operation of the JV Company, the Parties have agreed the following:

Duration

The duration of the JV Company shall be 50 years, commencing from the date of issuance of the licence of investment from the relevant government authorities in Vietnam upon the establishment of the JV Company. The JV Company shall commence production within 12 months after the issuance of such licence of investment.

Targeted production capacities

The targeted annual production capacities of the JV Company shall be as follows:

- (a) frame chassis of all types: 20,000 units
- (b) bare chassis of all types: 10,000 units
- (c) special purpose vehicles: 5,000 units

The JV Letter of Intent shall form a part of the Joint Venture Co-operation Agreement.

ESTABLISHMENT OF THE JOINT VENTURE COMPANY

The formation of the JV Company shall be subject to, among other things, the signing of the Joint Venture Contract between ZIAI and Vinamotor and the finalisation of the memorandum and articles of the JV Company. The Company shall make further announcement(s) under the Listing Rules in due course.

REASON FOR THE TRANSACTIONS

Currently, the Group is principally engaged in design, manufacture and sale of automobile repair and maintenance equipment and provision of industrial surface treatment engineering equipment. The Group has been diversifying into the manufacturing of commercial vehicles. The Directors consider that the establishment of the JV Company will expand the Group's automobile manufacturing business beyond the PRC. The JV Company has an opportunity to play a pivotal role in the production and sales of buses and coaches chassis in Vietnam as it will be the first co-operative joint venture of similar kind. Also, it will allow the Group to exploit the relatively untapped automobile market in its neighbouring South East Asian countries. In the long term, the JV Company may become a lower cost manufacturing base for chassis and spare parts that enable the Group to sharpen its competitiveness in the industry.

The JV Company shall enhance the income streams of the Group. As such, it is expected to bring in a contribution to the business and earning potentials in the medium and long term and capture commercial opportunities in Vietnam in the area of chassis and vehicles manufacturing, automobile parts and components markets.

The Directors consider that the terms and conditions of the Joint Venture Co-operation Agreement are fair and reasonable and in the interest of the Company and the Group as a whole and so far as its shareholders are concerned.

GENERAL

The signing of the Joint Venture Co-operation Agreement constitutes a discloseable transaction for the Company under the Listing Rules. Accordingly, a circular containing further details of the Joint Venture Co-operation Agreement will be despatched to the shareholders of the Company as soon as practicable.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meaning:

“Board”	the board of Directors
“Company”	Zhongda International Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Joint Venture Contract”	the joint venture contract to be entered into between the Parties for the establishment of the JV Company in Vietnam

“Joint Venture Co-operation Agreement”	the legally binding joint venture co-operation agreement dated 24 March 2007 entered into between ZIAI and Vinamotor in relation to the proposed establishment of the JV Company
“JV Company”	a joint venture company to be established in Vietnam pursuant to the Joint Venture Contract following the Joint Venture Co-operation Agreement
“JV Letter of Intent”	the letter of intent dated 1 November 2006 entered into between Yancheng Zhongwei Bus Manufacturing Co., Ltd. (鹽城中威客車有限公司) (a joint stock company with limited liability incorporated in the PRC) and Vinamotor in connection with the proposed establishment of a joint venture in Vietnam
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Party(ies)”	ZIAI and/or Vinamotor (as the case may be)
“PRC”	the People’s Republic of China (for the purpose of this announcement, excludes the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vinamotor”	Vietnam Motors Industry Corporation, a company established under the laws of Vietnam
“ZIAI”	Zhongda International Automobile Industrial Limited, an indirect wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“USD”	United States dollar, the lawful currency of the United States of America

In this announcement, the exchange rate of USD1.00 to HK\$7.8 is used.

Hong Kong, 27 March 2007

By Order of the Board of
Zhongda International Holdings Limited
Xu Lian Guo
Chairman

As at the date of this announcement, 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 Xin Zhong as independent non-executive directors of the Company respectively.

* *For identification purposes only*

Please also refer to the published version of this announcement in The Standard.