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中大国际

Zonda

ZHONGDA INTERNATIONAL HOLDINGS LIMITED

中大國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 909)

**FURTHER ANNOUNCEMENT ON
THE ESTABLISHMENT OF A NEW JOINT VENTURE
IN THE PRC**

Further to the Announcement and the Circular, the Directors are pleased to announce that Zhongda Auto and the PRC Partner have on 12th August 2004 signed a joint venture agreement and an article of association for the establishment of the Nanjing JV for conducting a bus manufacturing and sales network business in the PRC.

The total registered capital and total investment of the Nanjing JV has been revised to RMB52.92 million (equivalent to approximately HK\$49.92 million) and to be contributed as to RMB31.75 million (equivalent to approximately HK\$29.95 million) by Zhongda Auto and as to RMB21.17 million (equivalent to approximately HK\$19.97 million) by the PRC JV Partner.

Unless otherwise defined, terms used in this announcement shall have the same meanings as defined in the announcement dated 1st April 2004 (the “Announcement”) and the circular dated 23rd April 2004 of Zhongda International Holdings Limited (“Company”) relating to the establishment of a new joint venture in the PRC.

THE NANJING JV

The Directors are pleased to announce that on 12th August 2004, Zhongda Auto and the PRC JV Partner have signed a joint venture agreement (“Joint Venture Agreement”) and an article of association (“Articles of Association”) for the establishment of the Nanjing JV for conducting a bus manufacturing and sales network business in the PRC. Save as disclosed in this announcement, the terms of the establishment of the Nanjing JV shall be the same as disclosed in the Announcement and the Circular.

Registered Capital of the Nanjing JV

As the valuation of the Contributed Assets as determined in the report issued by the Appraiser and as agreed by the JV Parties is less than the pre-determined value of RMB23.30 million (equivalent to approximately HK\$21.98 million), the JV Parties have now agreed to vary the initial registered capital

from RMB23.30 million (equivalent to approximately HK\$21.98 million) to RMB21.17 million (equivalent to approximately HK\$19.97 million), in which RMB12.70 million (equivalent to approximately HK\$11.98 million) in cash and RMB8.47 (equivalent to approximately HK\$7.99 million) in the form of Contributed Assets will be contributed by Zhongda Auto and the PRC JV Partner respectively. The JV Parties have also agreed to increase the registered capital to a revised total of RMB52.92 million (equivalent to approximately HK\$49.92 million) (formerly RMB58.25 million which is equivalent to approximately HK\$54.95 million) within two months from the date of the business license of the Nanjing JV being obtained. In total, the registered capital will be contributed as to RMB31.75 million (equivalent to approximately HK\$29.95 million) in cash by Zhongda Auto and as to RMB21.17 million (equivalent to approximately HK\$19.97 million) in the form of Contributed Assets by the PRC JV Partner, which are in proportion to their respective shareholdings of 60% and 40% respectively.

Assets to be contributed by the PRC JV Partner

A definitive list of the Contributed Assets has been determined and agreed between the JV Parties which includes the followings:-

1. Current assets: stocks, cash at bank and receivables.
2. Fixed assets: plant and equipment, and inventory.
3. Brandname and goodwill: the right to use the relevant brandname and logos for the residue of term of years until 13th May 2011.
4. Land use right: the right to use a piece of land of an area of 206.6 mu (approximately 137,802 square metres) located at the Liu He Economic Development Zone in Jiangsu (江蘇省六合經濟開發區).

Jiangsu Zhong Tian Assets Appraisal Company Limited (江蘇中天資產評估事務所), a registered asset appraisal company in the PRC has been appointed by the JV Parties as the Appraiser to verify the final value of the Contributed Assets. The Appraiser based its evaluation on the applicable laws and rules set by the relevant authorities of the PRC government. The Appraiser was of the opinion that the value of the Contributed Assets as at 31st March 2004 was RMB 30.39 million (equivalent to approximately HK\$28.67 million). However after negotiation between the JV Parties and taking into account the time between the valuation report and the signing of the Joint Venture Agreement and Articles of Association, the JV Parties reached an arm's length agreement that the Contributed Assets shall be valued at RMB21.17 million (equivalent to approximately HK\$19.97 million). As a result, adjustments have been made by amending the registered capital of the Nanjing JV and the cash contribution by Zhongda Auto in order to maintain the same percentage of shareholding.

Timing of Capital Contribution

When relevant documents and business license are obtained, the initial registered capital of RMB21.17 million (equivalent to approximately HK\$19.97 million) (formerly RMB23.30 million which is equivalent to approximately HK\$21.98 million) shall be contributed by the JV Parties. Zhongda Auto shall deduct the pre-paid deposit of RMB2.4 million (equivalent to approximately HK\$2.26 million) from the contribution of RMB12.70 million (equivalent to approximately HK\$11.98 million) (formerly RMB13.98 million which is equivalent to approximately HK\$13.19 million).

Within two months from the business license of the Nanjing JV being obtained, the registered capital of the Nanjing JV shall be increased to RMB52.92 million (equivalent to approximately HK\$49.92 million) (formerly RMB58.25 million which is equivalent to approximately HK\$54.95 million) and the JV Parties shall contribute according to their respective shareholdings. Therefore, Zhongda Auto shall contribute additional RMB19.05 million (equivalent to approximately HK\$17.97 million) (formerly RMB20.97 million which is equivalent to approximately HK\$19.78 million) in cash for the increase in registered capital. The PRC JV Partner will contribute in the form of Contributed Assets that amount to RMB 12.70 million which is equivalent to approximately HK\$11.98 million) (formerly RMB13.98 million which is equivalent to approximately HK\$13.19 million) for its respective share of registered capital.

Total Investment

The total revised investment of the Nanjing JV is expected to equal to RMB52.92 million (equivalent to approximately HK\$49.92 million), a reduction of RMB5.33 million (equivalent to approximately HK\$5.03 million) from the original intended total investment of RMB58.25 million (equivalent to approximately HK\$54.95 million) as disclosed in the Announcement and the Circular. Save as disclosed, there is no other capital commitment from the Company pursuant to the Joint Venture Agreement and the Articles of Association.

Term

The Nanjing JV shall be for an initial term of 20 years from date of issue of the business licence.

Board representation

The board of the Nanjing JV will comprise of 5 directors to be appointed as to 3 directors by Zhongda Auto and as to 2 directors by the PRC JV Partner. The Company effectively has majority representation on the board of the Nanjing JV.

Conditions

The establishment of the Nanjing JV is subject to the approval by the relevant PRC authorities and application has already been made for the business license. It is expected that the approval by the relevant PRC authorities and the business license will be obtained before 30th September 2004.

As at the date of this announcement, the board of Directors comprises of:

Executive Directors

Mr. Xu Lian Guo, Mr. Xu Lian Kuan and Mr. Zhang Yuqing

Independent non-executive Directors

Mr. Gu Yao Tian, Mr. Chan Wai Dune and Mr. Li Xin Zhong

For the purpose of this announcement, an exchange rate of HK\$1 = RMB1.06 has been adopted for illustrative purpose only.

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

Hong Kong, 13th August 2004

* *For identification purpose only*

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