ZHONGDA INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 909)

INTERIM RESULTS

INTERIM RESULTS (UNAUDITED)

The board of directors (the “Directors”) of Zhongda International Holdings Limited (the “Company”) is pleased to present the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30th June, 2006 together with the comparative figures for the corresponding period of 2005. The unaudited consolidated results of the Group for the six months ended 30th June, 2006 have not been reviewed by the Company’s auditor but have been reviewed by the audit committee of the Company.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th June, 2006

		Six months ended 30th June,	
		2006	2005
		(Unaudited)	(Unaudited)
	Notes	***RMB’000***	*RMB’000*
Turnover	*3*	**88,635**	104,623
Cost of sales		**(59,998)**	(70,319)
Gross profit		**28,637**	34,304
Other revenue		**3,017**	3,367
Distribution costs		**(8,337)**	(8,458)
Administrative and other operating expenses		**(10,917)**	(16,044)
Profit from operations		**12,400**	13,169
Finance costs		**(3,071)**	(3,493)
Profit before taxation	*5*	**9,329**	9,676
Taxation	*6*	**(2,592)**	(2,200)
Net Profit for the period		**6,737**	7,476
Attributable to:			
Equity holders of the Company		**6,185**	7,429
Minority interests		**552**	47
		6,737	7,476
Dividends	*7*	**–**	–
Earnings per share	*8*		
– Basic		**RMB0.015**	RMB0.019
– Diluted		**N/A**	N/A

CONDENSED CONSOLIDATED BALANCE SHEET
As at 30th June, 2006

	Notes	30th June, 2006 (Unaudited) RMB'000	31st December, 2005 (Audited) RMB'000
Non-current assets			
Property, plant and equipment and construction-in-progress		**121,843**	122,973
Prepaid lease payments on land use rights		**52,660**	53,199
Prepayment for an investment in an associate		**1,087**	1,087
Available-for-sale investments		**900**	900
Deferred tax assets		**15,468**	16,224
		191,958	194,383
Current assets			
Inventories		**40,326**	36,455
Trade receivables	9	**120,687**	101,552
Prepayments and other receivables		**23,869**	9,159
Prepaid lease payments on land use rights		**1,136**	772
Amounts due from related companies		**2,533**	14,676
Cash and bank balances		**27,766**	4,566
		216,317	167,180
Current liabilities			
Trade payables	10	**30,969**	33,526
Advance receipt from customers		**11,713**	2,373
Other payables and accruals		**46,890**	40,963
Amounts due to related companies		**2,958**	406
Amounts due to directors		**5,762**	4,584
Taxes payable		**13,557**	14,284
Bank loans – due within one year		**128,900**	77,430
		240,749	173,566
Net current liabilities		**(24,432)**	(6,386)
Total assets less current liabilities		**167,526**	187,997
Non-current liabilities			
Bank loans – due after one year		**–**	27,070
		167,526	160,927
Capital and Reserves:			
Share capital		**42,386**	42,386
Reserves		**106,158**	100,111
Equity attributable to equity holders of the Company		**148,544**	142,497
Minority interests		**18,982**	18,430
		167,526	160,927

Notes:

1. **GROUP INFORMATION**

The Company was incorporated in Bermuda on 14th September, 2000 as an exempted company with limited liability under the Companies Act 1981 of Bermuda. The shares of the Company were listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 1st November, 2001.

2. **PRINCIPAL ACCOUNTING POLICIES**

The condensed financial statements have been prepared in accordance with the Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by Hong Kong Institute of Certified Public Accountants ("HKICPA").

The accounting policies used in the condensed financial statements are consistent with those adopted in the preparation of the Group's annual financial statements for the year ended 31st December, 2005.

3. TURNOVER

Turnover represents gross invoiced sales, net of discounts and returns. Analysis of the turnover by major category is as follows:

	Six months ended 30th June,	
	2006	2005
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Sales of goods	**67,881**	92,320
Revenue from construction contracts	**20,754**	12,303
Total turnover	**88,635**	104,623

4. SEGMENT INFORMATION

For management purposes, the Group is currently organised into two operating divisions – automobile equipment and bus. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Automobile equipment	–	manufacture and sale of automobile equipment
Bus	–	manufacture and sale of buses

Segment information about these businesses is presented below:

	Automobile equipment		Bus		Total	
			Six months ended 30th June,			
	2006	2005	**2006**	2005	**2006**	2005
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
REVENUE						
External sales	**88,635**	88,216	**–**	16,407	**88,635**	104,623
RESULTS						
Segment results	**11,362**	17,363	**246**	(3,388)	**11,608**	13,975
Interest income and unallocated income					**3,017**	3,367
Unallocated corporate expenses					**(2,225)**	(4,173)
Profit from operations					**12,400**	13,169
Finance costs					**(3,071)**	(3,493)
Profit before taxation					**9,329**	9,676
Taxation					**(2,592)**	(2,200)
Profit for the period					**6,737**	7,476

5. PROFIT BEFORE TAXATION

Profit before taxation is determined after charging the followings:

	Six months ended 30th June,	
	2006	2005
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Depreciation	**1,833**	3,617
Amortisation on lease payments on land use rights	**175**	526
Interest expense on bank borrowings	**3,071**	3,493
Operating leases in respect of rented premises	**600**	–
Staff costs	**6,889**	8,640

6. TAXATION

	Six months ended 30th June,	
	2006	2005
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Current income taxes		
– Hong Kong	**–**	–
– PRC	**2,592**	3,320
Deferred taxation		
– PRC income taxes	**–**	(1,120)
	2,592	2,200

No Hong Kong Profits Tax has been provided for as the Group had no assessable profits in Hong Kong during both periods.

The subsidiaries of the Group established in the PRC are subject to the Enterprise Income Tax ("EIT") at a rate of 24% and are entitled to full exemption from EIT for the first two years and a 50% reduction for the next three years, commencing from the first profitable year.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdiction.

7. DIVIDENDS

The directors have resolved not to declare any interim dividend for the six months ended 30th June, 2006 (six months ended 30th June, 2005: nil)

8. EARNINGS PER SHARE

The calculation of basic earnings per share was based on the profit of the Group attributable to equity holders of the Company of approximately RMB6,185,000 (six months ended 30th June, 2005: RMB7,429,000) and the weighted average number of 400,004,000 shares (six months ended 30th June, 2005: 400,004,000 shares) in issue during the period.

As the outstanding potential ordinary shares are anti-dilutive for both six months ended 30th June, 2006 and 2005, no diluted earnings per share is presented.

9. TRADE RECEIVABLES

	30th June, 2006 (Unaudited) *RMB'000*	31st December, 2005 (Audited) *RMB'000*
Accounts receivable	**168,435**	149,903
Less: Provision for doubtful debts	**(48,502)**	(48,502)
	119,933	101,401
Bills receivable	**754**	151
	120,687	101,552

Trade receivables, which have credit terms pursuant to the provisions of the relevant contracts, are recognised and carried at invoiced amount. Apart from the amounts withheld by customers according to the terms of contracts pending the satisfactory performance of the equipment sold, the Group generally allows a credit period to its customers ranging from three to six months.

Ageing analysis of trade receivables after provision for doubtful debts is as follows:

	30th June, 2006 (Unaudited) *RMB'000*	31st December, 2005 (Audited) *RMB'000*
Within six months	**50,366**	39,407
Between seven to twelve months	**33,891**	27,337
Between one to two years	**30,332**	24,466
More than two years	**234**	189
	114,823	91,399
Retention receivable	**5,110**	10,002
	119,933	101,401

10. TRADE PAYABLES

Ageing analysis of trade payables is as follows:

	30th June, 2006 (Unaudited) *RMB'000*	31st December, 2005 (Audited) *RMB'000*
Within one year	**10,192**	11,727
Between one to two years	**4,179**	12,723
Between two to three years	**12,071**	2,707
More than three years	**4,527**	6,369
	30,969	33,526

11. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current period's presentation.

BUSINESS REVIEW

Automobile Maintenance Equipment Business

For the first half of 2006, the Group's automobile maintenance equipment business recorded an increase by 0.5%, a slight improvement over the corresponding period last year. The turnover of surface engineering business grew 68.7% over the same period last year. In response to market demand, the Group reengineered some products which have lower demand in market and lower profit margins. Accordingly, the turnover of other automobile maintenance equipment businesses dropped slightly. However, the Group continued to allocate resources to strengthen product research and development and released several new high value-added products such as integrated inspection equipment and safety inspection equipment. The market response for these products has been encouraging. Consequently, the overall gross profit margin for the products can be maintained at 32.3%.

During the first half year, the export sales of the Group were approximately RMB16,449,000, accounting for approximately 18.6% of the total turnover. The Group mainly exported lifters and lacquer rooms in 2006. Its products are mainly sold through distributors. There are altogether three distributors located in the eastern, central and western parts of the United States. On the other hand, the Group further expanded its overseas markets. Products were sold to new markets including the Middle East and Russia.

Coach Business

Zhongda Jinling was actively carrying out various upgrading works and application for production permits, and therefore unable to make any income contribution for the Group during the period. The Group upgraded the technologies of Zhongda Jinling, planning to expand its annual production capacity from 500 units to 2,000 units. The project is expected to be completed by the end of 2006.

For the six months ended 30th June 2005, Zhongda Emei was an operating subsidiary of the Group's coach business, but the operation and financial position of this joint venture, however, have been unsatisfactory, the Group has not injected the outstanding balance of its investment into the joint venture. On 20th July 2006, the joint venture party filed a litigation requesting to terminate the joint venture agreement. After seeking legal opinion and upon consideration, the Group has decided that, while a provision was made for the full amount of RMB5,000,000 in the account in 2005, it will not inject the outstanding balance of investment of RMB11,000,000 into Zhongda Emei. Therefore, for the six months ended 30th June 2006, the consolidated account of the Group no longer included the account of Zhongda Emei. According to the analysis of its legal advisor, such litigation shall not cause further material loss to the Group. The Group is currently arranging negotiation with the joint venture party to arrive at an acceptable settlement proposal. Please refer to the Group's announcement dated 1st August 2006 for details of the litigation.

FINANCIAL REVIEW

For the six months ended 30th June 2006, the Group's turnover was approximately RMB88,635,000, representing a decrease of 15.3% as compared with the corresponding period in 2005. The Group's profits attributable to shareholders amounted to approximately RMB6,185,000 (six months ended 30th June 2005: RMB7,429,000) representing a decrease of 16.7% when compared with the corresponding period in 2005.

During the period under review, the basic earnings per share was RMB0.015 (six months ended 30th June 2005: RMB0.019).

INTERIM DIVIDEND

The Directors have resolved not to declare any interim dividend for the six months ended 30th June 2006 (six months ended 30th June 2005: nil).

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2006, the net asset value of the Group amounted to RMB167,526,000 (31st December 2005: RMB160,927,000). As at 30th June 2006, the Group had bank balances and cash of RMB27,766,000 (31st December 2005: RMB4,566,000). The Group's bank loans amounted to RMB128,900,000 (31st December 2005: RMB104,500,000).

The Group's revenue and borrowings were mainly denominated in Renminbi. Accordingly, there was no significant exposure to foreign exchange rates fluctuation.

As at 30th June, 2006, the bank loans to net asset value of the Group was 76.9% (31st December, 2005: 64.9%).

CONTINGENT LIABILITIES

As at 30th June, 2006, the Group had contingent liabilities not provided for in the consolidated financial statements in respect of unpaid capital contribution and default payment calculated pursuant to the contract in respect of the deemed disposal of a subsidiary amounting to RMB12,123,000 (31st December 2005: RMB 12,123,000). According to a legal opinion obtained on 26th July 2006, the directors are of the opinion that no provision is required in respect of this litigation.

MATERIAL ACQUISITIONS AND DISPOSALS

There were no material acquisitions and disposals of subsidiaries and associated companies during the six months ended 30th June, 2006.

CHARGES ON ASSETS

The Group's bank borrowings were secured by a charge on certain land use rights and buildings held by the Group with a total book value of approximately RMB67,369,000 (31st December, 2005: RMB29,947,000).

PROSPECT

In 2006, the development of the PRC automobile market will remain steady, and it is expected that the increase in imported automobiles will help generate demand for automobile maintenance equipments. Beijing and Shanghai are going to hold the Olympics and the World Exposition respectively. These large-scale international events will effectively promote market demand for transportation vehicles. We expect that in order to cope with the traffic to be generated by the aforesaid activities, Beijing and Shanghai will need to build 1,000 and 500 "express service centres" respectively so as to provide inspection and maintenance services for various types of vehicles. The Group will provide professional equipment for the emerging "express service centers" to adapt to this market trend and explore the possibility of setting up its own express service centers.

With the tightening of vehicle emission restriction, extension of highway coverage and increase in long distance traffic flow, there will be huge market potential for double-deckers and longhaul coaches in China. The Group is committed to strengthening the business models and management operations of its joint ventures by adopting the market-oriented approach for the development of these enterprises.

In addition, the Group will expand the after-sales product range for vehicles by, for example, boosting the production of car washing machines for commercial launching into the market, increasing the target sales volume for inspection machines, developing new types of lacquer rooms and maximizing the sales of surface treatment lines.

Looking forward, the Group expects to achieve better sales, profitability and management results.

EMPLOYEE AND REMUNERATION POLICY

As at 30th June, 2006, the Group employed a total of 903 (31st December, 2005: 912) full-time staff.

The Group's employee and remuneration policy is mainly determined in accordance with industry practice and personal performance, qualification and experience. Discretionary bonuses and share options may be granted to qualified employees with reference to the performances of the Group and individual staff. The Group also provides other benefits such as medical and statutory retirement protection to its directors and staff.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30th June, 2006, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The Company set up the Audit Committee in accordance with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules. 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 reviewed the interim report for the six months ended 30th June, 2006.

CORPORATE GOVERNANCE

During the six months period ended 30th June 2006, the Company has complied with the provisions of "Code on Corporate Governance Practices" as set out in Appendix 14 of the Listing Rules. The Company has made specific enquiry to all directors on the securities transactions conducted by the directors and confirmed that all directors have complied with the standards of the Model Code for Securities Transactions by Directors of Listed Companies as set out in Appendix 10 to the Listing Rules.

PUBLICATION OF INTERIM REPORT ON THE STOCK EXCHANGE WEBSITE

The information required by Appendix 16 of the Listing Rules will be published on the website of the Stock Exchange at www.hkex.com.hk in due course.

By order of the Board
Xu Lian Guo
Chairman

Yancheng, China, 29th September, 2006

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

Executive Directors
Mr. Xu Lian Guo
Mr. Xu Lian Kuan
Mr. Zhang Yuqing

Independent non-executive Directors
Mr. Gu Yao Tian
Mr. Kwok Ming Fai
Mr. Li Xin Zhong

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