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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)

### PLACING OF NEW SHARES AND RESUMPTION OF TRADING

Placing Agent



**3V Capital Limited**

The Company entered into the Placing Agreement with the Placing Agent in relation to the placing of the Placing Shares. Pursuant to the Placing Agreement, the Company has conditionally agreed to place, through the Placing Agent on a best endeavour basis, 80,000,000 Placing Shares at the Placing Price of HK\$0.82 per Placing Share.

The Placing Shares represent about 20.0% of the existing issued share capital of the Company and about 16.7% of the issued share capital of the Company as enlarged by the Placing Shares, respectively.

The Placing Price represents (i) a discount of approximately 34.4% to the closing price of HK\$1.250 per Share as quoted on the Stock Exchange on the Last Trading Date; (ii) a discount of about 17.0% over the average closing price per Share of about HK\$0.988 as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Date; and (iii) a discount of about 10.7% over the average closing price per Share of about HK\$0.918 as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Date. The net Placing Price per Placing Share is approximately HK\$0.775.

The Placing is conditional upon, amongst other things, the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Placing Shares and upon the approval of the Shareholders at a special general meeting of the Company for the Placing and the transactions contemplated thereunder. The Company shall make an application to Stock Exchange for the listing of, and permission to deal in, the Placing Shares. Please refer to the section headed "Conditions Precedent" for details.

The gross proceeds from the Placing will be approximately HK\$65.6 million and the net proceeds from the Placing will be approximately HK\$62 million which will be applied for the general working capital requirement of the Company for its existing businesses and any future potential investments.

Trading in the Shares has been suspended at the request of the Company with effect from 10:02 a.m. on 10 April 2007 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 18 April 2007.

#### **I. THE PLACING AGREEMENT**

##### **Date**

10 April 2007 and 17 April 2007

##### **Parties involved**

Issuer: Zhongda International Holdings Limited

Placing Agent: 3V Capital Limited

##### **Placing Agent**

The Placing Agent has conditionally agreed with the Company to place 80,000,000 Placing Shares, on a best endeavour basis, to independent individual, professional and/or institutional investors for the Placing Shares. The Placing Agent will receive a placing commission of 3% on the gross proceeds of the Placing, which was arrived at after arm's length negotiations between the Company and the Placing Agent, payable on the date of completion of the Placing.

To the best of the Director's knowledge, information and belief having made all reasonable enquiry, the Placing Agent and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

## **Placees**

The Placee and its ultimate beneficial owners are not connected person(s) of the Company and are third parties independent of and not connected with the Company, connected persons of the Company and any of the directors, chief executive or substantial shareholder(s) of the Company or any of its subsidiaries or their respective associates. The Placee will become a substantial shareholder (as defined in the Listing Rules) of the Company upon completion of the Placing.

## **Placing Shares**

The Placing Shares represent (i) approximately 20.0% of the existing issued share capital of the Company as at the date of this announcement and approximately 16.7% of the issued share capital of the Company as enlarged by the Placing Shares, respectively.

The Placing Shares will rank, upon issue, pari passu in all respect with the Shares in issue on the date of allotment and issue of the Placing Shares.

## **Placing Price**

The Placing Price of HK\$0.82 represents (i) a discount of approximately 34.4% to the closing price of HK\$1.250 per Share as quoted on the Stock Exchange on the Last Trading Date; (ii) a discount of about 17.0% over the average closing price per Share of about HK\$0.988 as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Date; and (iii) a discount of about 10.7% over the average closing price per Share of about HK\$0.918 as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Date. The net Placing Price per Placing Share is approximately HK\$0.775.

The Placing Price was negotiated on an arm's length basis between the Company and the Placing Agent with reference to the recent average closing prices of the Shares over the five and ten trading days immediately preceding the Last Trading Date of approximately HK\$0.910 and HK\$0.875, representing a discount of approximately 9.9% and 6.3%, respectively. As disclosed in the press announcement of the Company dated 4 April 2007, being the Last Trading Date, the Company had been contemplating negotiations for the proposed Placing. Therefore, the discount rate for the Placing Price was justified by the Company. Given the existing market conditions in Hong Kong and the interest rate environment, the Board considers that the timing of the Placing is appropriate. The Directors also consider that the terms of the Placing Agreement (including the Placing Price and the Placing Commission which were determined at the prevailing market conditions) to be fair and reasonable and in the interest of the Company and its Shareholders as a whole.

## **Conditions Precedent**

The Placing is conditional upon (i) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Placing Shares; (ii) the Company obtaining all consents and approvals from the relevant authorities in respect of the transactions contemplated under the Placing Agreement, if applicable; and (iii) upon the approval of the Shareholders at a special general meeting of the Company for the Placing and the transactions contemplated thereunder.

If the above conditions precedent of the Placing Agreement are not fulfilled on or prior to 15 April 2007 or such other date as may be agreed between the parties in writing, the Placing Agreement shall terminate and neither of the parties thereto shall have any claim against the other for costs, damages, compensation or otherwise save as provided in the Placing Agreement. In case the Placing Agreement is terminated, a further announcement will be issued by the Company.

The Company shall make an application to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares in due course.

## **Completion of the Placing**

Completion of the Placing Agreement is expected to take place within three Business Days upon the fulfillment of the conditions precedent of the Placing Agreement.

## **Special General Meeting**

The Company will convene a special general meeting of the Company to consider and approve, among other things, the Placing Agreement and the transactions contemplated thereunder including the issue and allotment of the Placing Shares upon completion of the Placing. No Shareholders are required to abstain from voting at the special general meeting of the Company.

A circular containing, among other things, information on the Placing Agreement and the transactions contemplated thereunder, and the notice of the special general meeting, will be despatched to the Shareholders within 21 days after the publication of this announcement.

## **Use of net proceeds**

The gross proceeds from the Placing will be approximately HK\$65.6 million and the net proceeds from the Placing will be approximately HK\$62 million which will be applied for the general working capital requirement of the Company for its existing businesses, including any potential capital expenditure of the Group, and any future potential investments. As at the date hereof, save for the intended investment of the Company regarding the proposed establishment of a joint venture company of the Company in Vietnam, details of which are disclosed in the press announcement of the Company dated 27 March 2007, there is no specific plans identified by the Company in utilising the net proceeds for its existing business and no specific investments has been identified by the Company.

## Reason for the Placing

The Directors consider that it is in the interests of the Company to raise capital from the equity market for the general working capital of the Group. Through the Placing, the Company can broaden its capital and shareholder basis without any interest burden.

## Effect on shareholding structure

The shareholding structure of the Company before and after the Placing are set out as below:

| Name of Shareholders              | Notes | Existing shareholding structure of the Company prior to completion of the Placing |                    | Existing shareholding structure of the Company after completion of the Placing |                    |
|-----------------------------------|-------|---|--------------------|--|--------------------|
|                                   |       | Number of Shares held   | % of issued Shares | Number of Shares held  | % of issued Shares |
| Zhong Da (BVI) Limited            | 1, 3  | 204,004,000   | 51.0%              | 204,004,000  | 42.5%              |
| Thousand Riches Limited           | 1     | 7,679,000   | 1.9%               | 7,679,000  | 1.6%               |
| Shum Yip Holdings Company Limited | 2     | 39,576,000  | 9.9%               | 39,576,000   | 8.2%               |
| Tanrich Finance Limited           | 3     | 204,004,000   | 51.0%              | 204,004,000  | 42.5%              |
| Placee                            |       | –   | –                  | 80,000,000   | 16.7%              |
| Other public Shareholders         |       | 148,745,000   | 37.2%              | 148,745,000  | 31.0%              |
| TOTAL                             |       | <u>400,004,000</u>  | <u>100.0%</u>      | <u>480,004,000</u>   | <u>100.0%</u>      |

Notes:

- Both Zhong Da (BVI) Limited and Thousand Riches Limited are beneficially owned as to 57.22% and 42.78% by Mr. Xu Lian Guo and Mr. Xu Lian Kuan, respectively.
- The Shares are held by Gainful Outcome Holdings Limited and Outstanding Management Limited, both being wholly-owned subsidiaries of Shum Yip Holdings Company Limited.
- A charge of 204,004,000 Shares has been created by Zhong Da (BVI) Limited in favour of Tanrich Finance Limited, a wholly-owned subsidiary of Tanrich Financial Holdings Limited, for a short-term financing loan.

## Fund raising activity of the Company in the 12 months immediately preceding the date of this announcement

The Company has not undergone any fund raising activity in the 12 months immediately preceding the date of this announcement.

## II. GENERAL

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.

Trading in the Shares has been suspended at the request of the Company with effect from 10:02 a.m. on 10 April 2007 pending the release of this announcement. Application has been made on the Stock Exchange for a resumption of trading in the Shares with effect from 9:30 a.m. on 18 April 2007.

## TERMS AND DEFINITIONS

|                           |  |
|---------------------------|--|
| “associate”               | has the meaning ascribed thereto under the Listing Rules   |
| “Board”                   | the board of Directors   |
| “Business Day”            | any day (excluding Saturday or Sunday) on which commercial banks are generally open for normal banking business in Hong Kong                                 |
| “Company”                 | Zhongda International Holdings Limited, a company incorporated in the Bermuda with limited liability and the Shares are listed on the Stock Exchange         |
| “Director(s)”             | director(s) of the Company   |
| “First Placing Agreement” | the placing agreement dated 10 April 2007 entered into between the Company and the Placing Agent in relation to the Placing                                  |
| “Group”                   | the Company and its subsidiaries   |
| “Hong Kong”               | Hong Kong Special Administrative Region of the People’s Republic of China  |
| “Last Trading Date”       | 4 April 2007   |
| “Listing Rules”           | the Rules Governing the Listing of Securities on the Stock Exchange  |
| “Placee”                  | Penta Investment Advisors Ltd., a company incorporated in the British Virgin Islands with limited liability  |
| “Placing”                 | the placing of Placing Shares pursuant to the terms of the Placing Agreement   |
| “Placing Agent”           | 3V Capital Limited, a licensed corporation under the SFO to carry on Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities |
| “Placing Agreement”       | means the First Placing Agreement and the Supplemental Placing Agreement   |

|                                  |   |
|----------------------------------|---|
| “Placing Commission”             | the placing commission payable by the Company to the Placing Agent, being 3% on the gross proceeds of the Placing   |
| “Placing Price”                  | HK\$0.82 per Placing Share  |
| “Placing Shares”                 | an aggregate of up to 80,000,000 Shares to be placed by the Placing Agent pursuant to the terms of the Placing Agreement  |
| “Share(s)”                       | ordinary share(s) of HK\$0.1 each in the capital of the Company   |
| “Shareholder(s)”                 | holder(s) of the Shares   |
| “Stock Exchange”                 | The Stock Exchange of Hong Kong Limited   |
| “Supplemental Placing Agreement” | the supplemental placing agreement dated 17 April 2007 entered into between the Company and the Placing Agent in relation to the Placing amending, among other things, the conditions precedent and the long stop date of the First Placing Agreement |
| “HK\$”                           | Hong Kong dollar, the lawful currency of Hong Kong  |
| “%”                              | per cent.   |

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

Hong Kong, 17 April 2007

*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.*

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