ZHONGDA INTERNATIONAL HOLDINGS LIMITED
(中大國際控股有限公司*)

(Incorporated in Bermuda with limited liability)

(Stock code: 909)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2006

RESULTS

The board of directors (the "Board") of Zhongda International Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2006 together with the comparative figures for the previous year as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2006

	Notes	2006 RMB'000	2005 RMB'000
Turnover	2	**190,736**	177,313
Cost of sales		**(129,923)**	(113,360)
Gross profit		**60,813**	63,953
Other revenue		**15,202**	4,364
Selling and distribution expenses		**(16,716)**	(16,906)
Administrative expenses		**(29,850)**	(66,575)
Other operating expenses		**(6,718)**	(2,352)
Loss on deemed disposal of a subsidiary		**–**	(7,990)
Finance costs	4	**(9,229)**	(7,029)
Profit/(loss) before taxation	5	**13,502**	(32,535)
Taxation	6	**(604)**	3,157
Profit/(loss) for the year		**12,898**	(29,378)
Attributable to:			
Equity holders of the Company		**15,317**	(25,703)
Minority interests		**(2,419)**	(3,675)
		12,898	(29,378)
Dividends	7	**–**	–
Earnings/(loss) per share	8		
– Basic		**RMB 3.83 cents**	RMB (6.43) cents
– Diluted		**N/A**	N/A

CONSOLIDATED BALANCE SHEET
As at 31 December 2006

	Notes	2006 RMB'000	2005 RMB'000
Non-current assets			
Property, plant and equipment and construction-in-progress		**116,270**	122,973
Prepaid lease payments on land use rights		**58,523**	53,199
Prepayment for an investment in an associate		**1,087**	1,087
Available-for-sale investments		**900**	900
Deferred tax assets		**15,620**	16,224
		192,400	194,383
Current assets			
Prepaid lease payments on land use rights		**1,275**	772
Financial asset at fair value through profit and loss		**200**	–
Inventories		**27,812**	36,455
Trade and bills receivables	*9*	**138,065**	101,552
Prepayments and other receivables		**19,198**	9,159
Amounts due from related companies		**27,198**	14,676
Restricted bank balances		**3,000**	–
Bank balances and cash		**17,695**	4,566
		234,443	167,180
Current liabilities			
Trade and bills payables	*10*	**23,738**	33,526
Advance receipt from customers		**7,426**	2,373
Other payables and accruals		**46,691**	40,963
Amounts due to related companies		**1,048**	406
Amounts due to directors		**6,178**	4,584
Tax payable		**14,148**	14,284
Bank borrowings – due within one year		**142,500**	77,430
		241,729	173,566
Net current liabilities		**(7,286)**	(6,386)
Total assets less current liabilities		**185,114**	187,997
Non-current liabilities			
Loan from an utimate holding company		**12,000**	–
Bank borrowings – due after one year		**–**	27,070
		173,114	160,927
Capital and reserves			
Share capital		**42,386**	42,386
Reserves		**114,717**	100,111
Equity attributable to equity holders of the Company		**157,103**	142,497
Minority interests		**16,011**	18,430
		173,114	160,927

Notes:

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values. The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Hong Kong Companies Ordinance.

The consolidated financial statements for the year ended 31 December 2006 comprise the Company and its subsidiaries.

In the current year, the Group has applied, for the first time, a number of new HKFRSs issued by the HKICPA which are either effective for accounting periods beginning on or after 1 December 2005 or 1 January 2006. The adoption of the new HKFRSs had no material effect on how the results for the current or prior accounting periods have been prepared and presented. Accordingly, no prior year adjustment has been required.

The Group has not early applied the following new standards, amendments and interpretations that have been issued but are not yet effective as at 31 December 2006. The directors of the Company anticipate that the application of these standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

Hong Kong Accounting Standard ("HKAS") 1 (Amendment)	Capital Disclosures[1]
HKFRS 7	Financial Instruments: Disclosures[1]
HKFRS 8	Operating Segments[2]
HK(IFRIC)-Interpretation ("Int") 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies[3]
HK(IFRIC)-Int 8	Scope of HKFRS 2[4]
HK(IFRIC)-Int 9	Reassessment of embedded derivatives[5]
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment[6]
HK(IFRIC)-Int 11	HKFRS 2 - Group and Treasury Share Transactions[7]
HK(IFRIC)-Int 12	Service Concession Arrangements[8]

1 Effective for annual periods beginning on or after 1 January 2007.
2 Effective for annual periods beginning on or after 1 January 2009.
3 Effective for annual periods beginning on or after 1 March 2006.
4 Effective for annual periods beginning on or after 1 May 2006.
5 Effective for annual periods beginning on or after 1 June 2006.
6 Effective for annual periods beginning on or after 1 November 2006.
7 Effective for annual periods beginning on or after 1 March 2007.
8 Effective for annual periods beginning on or after 1 January 2008.

2. TURNOVER

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

	2006	2005
	RMB'000	*RMB'000*
Sale of goods	**148,355**	142,619
Revenue from construction contracts	**42,381**	34,694
	190,736	177,313

3. SEGMENT INFORMATION

(a) Business segments

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 in its primary segment information.

Principal activities are as follows:

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

Segment information about these businesses is presented below:

	Automobile equipment		Bus		Total	
	2006	2005	**2006**	2005	**2006**	2005
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
REVENUE						
External sales	**190,736**	177,313	**–**	–	**190,736**	177,313
RESULTS						
Segment results	**14,821**	(7,399)	**(905)**	(5,243)	**13,916**	(12,642)
Unallocated corporate expenses					**(6,387)**	(9,238)
Other revenue					**15,202**	4,364
Loss on deemed disposal of a subsidiary					**–**	(7,990)
Finance costs					**(9,229)**	(7,029)
Profit/(loss) before taxation					**13,502**	(32,535)
Taxation					**(604)**	3,157
Profit/(loss) for the year					**12,898**	(29,378)
OTHER INFORMATION						
Segment capital expenditure	**6,422**	5,666	**–**	5,169	**6,422**	10,835
Segment depreciation	**3,689**	3,142	**472**	–	**4,161**	3,142
Unallocated corporate depreciation					**52**	52
Total depreciation on property, plant and equipment					**4,213**	3,194
Segment amortisation on prepaid lease payments on land use rights	**489**	350	**422**	–	**911**	350
(Written back of allowance)/ allowance for inventories	**–**	2,684	**(4,694)**	4,694	**(4,694)**	7,378
Allowance for bad and doubtful debts	**4,547**	15,926	**–**	–	**4,547**	15,926
Write-off of bad debts	**4,085**	16,498	**–**	–	**4,085**	16,498
Gain on disposal of property, plant and equipment	**137**	80	**–**	–	**137**	80
Written back of allowance for bad and doubtful debts	**3,671**	–	**–**	–	**3,671**	–

	2006	2005	**2006**	2005	**2006**	2005
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
ASSETS						
Segment assets	**348,285**	310,480	**66,658**	50,810	**414,943**	361,290
Unallocated corporate assets					**11,900**	273
Total					**426,843**	361,563
LIABILITIES						
Segment liabilities	**192,495**	160,573	**45,040**	34,010	**237,535**	194,583
Unallocated corporate liabilities					**16,194**	6,053
Total					**253,729**	200,636

(b) Geographical segments

The Group's activities are conducted predominately in the PRC, Europe and Asia other than the PRC. An analysis of turnover by geographical segment is as follows:

	2006	2005
	RMB'000	*RMB'000*
the PRC	**150,956**	150,135
Europe	**16,717**	15,136
Asia other than the PRC	**13,274**	8,988
Others	**9,789**	3,054
	190,736	177,313

Over 90% of segment assets and additions to property, plant and equipment and construction-in-progress and land use rights of the Group are located in the PRC.

4. FINANCE COSTS

	2006	2005
	RMB'000	*RMB'000*
Interest expenses on bank loans and other borrowing wholly repayable within five years	**9,229**	7,029

5. PROFIT/(LOSS)BEFORE TAXATION

Profit/(loss) before taxation has been arrived at after charging/(crediting):–

	2006	2005
	RMB'000	*RMB'000*
Amortisation on prepaid lease payments on land use rights	**911**	350
Auditors' remuneration	**928**	998
(Written back of allowance)/allowance for inventories	**(4,694)**	7,378
Allowance for bad and doubtful debts	**4,547**	15,926
Cost of inventories recognised as an expense (excluding staff costs, depreciation on property, plant and equipment, amortisation on prepaid lease payments on land use rights, and allowance for inventories)	**157,911**	103,700
Depreciation on property, plant and equipment	**4,213**	3,194
Operating leases in respect of rented premises	**712**	745
Staff costs (excluding directors' emoluments)		
– Salaries and wages	**8,284**	13,420
– Retirement benefit scheme contributions	**2,369**	2,761
Write-off of bad debts	**4,085**	16,498

6. TAXATION

	2006	2005
	RMB'000	*RMB'000*
Current income tax		
– PRC	**–**	1,386
Deferred taxation		
– PRC income taxes	**604**	(4,543)
	604	(3,157)

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

The Company's subsidiaries established in the PRC are subject to Enterprise Income Tax ("EIT") at a rate of 24% and are subject to the benefit of full exemption from EIT for 2 years starting from the first profitable year followed by a 50% of deduction for the next 3 years. Certain of these subsidiaries are still enjoying a 50% deduction in EIT rate under the benefit.

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

7. DIVIDENDS

No dividend was paid or proposed during the year, nor has any dividend been proposed since the balance sheet date (2005: Nil).

8. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share was based on the Group's profit attributable to equity holders of the Company of approximately RMB15,317,000 (2005: loss approximately RMB25,703,000) and the weighted average number of 400,004,000 (2005: 400,004,000) shares in issue during the year.

No diluted earnings per share was present for the year ended 31 December 2006 as there were no outstanding potential ordinary shares. No diluted loss per share was presented for the year ended 31 December 2005 as the outstanding potential ordinary shares are anti-dilutive for that year.

9. TRADE AND BILLS RECEIVABLES

	2006	2005
	RMB'000	*RMB'000*
Trade receivables	**176,359**	149,903
Less: Allowance for bad and doubtful debts	**(59,271)**	(48,502)
	117,088	101,401
Bills receivables	**20,977**	151
	138,065	101,552

An ageing analysis of trade receivables net of allowance for bad and doubtful debts is as follows:

	2006	2005
	RMB'000	*RMB'000*
Within 6 months	**44,963**	39,407
7 – 12 months	**7,345**	27,337
1 – 2 years	**46,433**	24,466
Over 2 years	**13,202**	189
	111,943	91,399
Retention receivables	**5,145**	10,002
	117,088	101,401

10. TRADE AND BILLS PAYABLES

An ageing analysis of trade payables is as follows:

	2006	2005
	RMB'000	*RMB'000*
Within 1 year	**18,148**	11,727
1 – 2 years	**990**	12,723
2 – 3 years	–	2,707
Over 3 years	**1,600**	6,369
	20,738	33,526
Bills payable	**3,000**	–
	23,738	33,526

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The Group's turnover during the year amounted to approximately RMB190,736,000, a increase of 7.6% from last year. The Group has diversified its automobile maintenance equipment product line marking for the exploration of new markets and the strengthening of its existing market share for the year, the overall gross profit margin decrease from 36.1% of 2005 to 31.9% of this year. Profit attributable to shareholders was approximately RMB15,317,000 (2005: loss of RMB25,703,000)

For the year ended 31 December 2006, the basic earnings per share of the Group was approximately RMB3.83cents (2005: basic loss per share of approximately RMB6.43 cents).

Operating Environment

2006 was another challenging year for the automobile maintenance equipment manufacturing sector in the PRC. The price of steel and raw materials for manufacturing product recorded further increases while the downward adjustment in the selling prices of product continued, putting pressure on the gross profit of the sector.

Nevertheless, according to the statistics of China Association of Automobile Manufacturers, the production and sales volumes of vehicles in the PRC for the year 2006 were 7.3 and 7.2 million units, representing an increase of 27% and 25% respectively when compared with 2005. This has demonstrated that the demand for automobile maintenance equipment in the PRC is still large.

Automobile Maintenance Equipment Business

In response to the market demand, the Group continued to invest in product research and development to maintain our competitiveness. The Group launched several new products such as wheel balancer and tire changer for coaches during the year. Market response for these products has been encouraging. The Group has signed a contract with FAW Toyota as the sole supplier of car bench for their new sedan model which enhancing the overall sales of these products as a result.

During the year, the export sales of the Group were approximately RMB39,780,000, representing an increase of approximately 46.4% when compared with last year and approximately 20.9% of the total turnover. It mainly consists of automobile spray booth and car lifters. During the year, the Group sold its export products mainly 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 the new markets including the Middle East and Russia.

In previous year, the Group increased its market share and expanded sales volume through the adoption of preferential sales policies for individual and scattered customers. As the market was very competitive in the past years, a number of small players with frail financial strength were eliminated from the market, and the Group has hence written off or made a provision for the trade receivables from such customers. The Group has taken immediate measures by reinforcing the relevant sales policies, tightening the credit control as well as enhancing the collection of receivables.

Automobile Manufacturing Business

In 2004, the Group established two joint ventures namely Nanjing Zhongda Jinling Double-Decker Bus Manufacture Company Limited ("Zhongda Jinling") with Jiangsu Jinling Transportation Group Limited and Sichuan Emei respectively. The Group indirectly held 60% and 71% interest in Zhongda Jinling and Zhongda Emei respectively.

Zhongda Jinling is the only enterprise designated in the PRC for the development of double-decker city buses. Zhongda Jinling possesses the leading skills and technologies in the production of double-decker buses in the PRC. Currently, over 80% of the double-decker buses in the PRC are manufactured by Zhongda Jinling. The latest model of the double-decker bus of Zhongda Jinling have penetrated into the major cities in the PRC, like Beijing and Shanghai, in replacing the buses which modernized the city image and for tourist sight-seeing. Zhongda Jinling has completed all registration formalities for the sale of its products. We are pleased that the contribution by Zhongda Jinling to the Group will commence in 2007. During the year, the Group upgraded the technologies of Zhongda Jinling and expanded its production capacity to meet the increasing sales demand. With the expected completion of a new production plant by mid-2007, the annual production capacity of Zhongda Jinling will be substantially increased from 800 units to 3,000 units.

Liquidity and Financial Resources

As at 31 December 2006, the net asset value of the Group amounted to approximately RMB173,114,000 (2005: RMB160,927,000), representing a increase of approximately 7.6% from last year. Net current liabilities amounted to approximately RMB7,286,000 (2005: RMB6,386,000), a increase of approximately 14.1% from last year.

As at 31 December 2006, cash and bank balances of the Group amounted to approximately RMB17,695,000 (2005: RMB4,566,000). Cash is mainly denominated in Renminbi. No long and short term bank loans amounted to approximately RMB nil and RMB77,430,000 respectively (2005: RMB 27,070,000 and RMB77,430,000 respectively), representing a increase of approximately RMB36.4 from last year. As at 31 December 2006, the Group's bank borrowings as a percentage of net asset value was 82.3% (2005: 64.9%), an increase of approximately 6.6% from last year.

The interest rates of bank borrowings ranged between 5.36% and 7.96% per annum (2005: between 4.65% and 7.49%). The collaterals provided for these bank borrowings mainly comprised certain land use rights and buildings of the subsidiaries of the Group. The revenue of the Group was mainly denominated in Renminbi and US Dollar, and the borrowings were mainly settled in Renminbi. The directors are of the view that since the exchange rate between Renminbi and US Dollar is relatively stable, there is no significant risk in relation to foreign exchange fluctuation.

As at 31 December 2006, the Group had contingent liabilities of approximately RMB12,122,500 (2005: RMB12,100,000).

Prospect

In 2006, the growth of the PRC automobile market regained its momentum, and it is expected that the increase in imported automobiles would give fresh impetus to the demand for automobile maintenance equipments. Beijing and Shanghai are going to host the Olympics Games and the World Expo. These large-scale international events will effectively increase the logistics which in turn increase the demand for vehicles. The growth in transportation presents the favourable business opportunities for the Group in the development of its automobile manufacturing, and automobile equipment and parts businesses as well as the consolidation of the local market share.

On the other hand, the PRC government is currently implementing a "San Tong" Project. The Project aims at covering rural area with television broadcast, highways and public transport. "Cun Cun Tong" Plan is dedicated to link the villages in rural area to urban area by public transport so as to improve the living standard of the inhabitants. It is estimated that the project would create a demand for more than 150,000 buses in next ten years.

With the enhanced production capacity of Zhongda Jinling by mid-2007, we are optimistic that the market share for double-decker bus in the PRC shall be further strengthened and benefited by the "Cun Cun Tong" Plan. The strong demand in the public transportation as a result of the accelerating nationwide economic development, we are confident with the rosy prospect of Zhongda Jinling and its contribution to the Group in the coming years shall be encouraging.

The Group shall continue to develop the automobile manufacturing business. By Zhongda Jinling in becoming a focal cosmopolitan double-decker bus manufacturer in the PRC, further expansions in the overseas market are the competitive advantages of the Group in the industry. The proposed establishment of a joint venture in Vietnam for chassis manufacturing and special purpose vehicles, as announced by the Company on 27 March 2007, is a milestone in the automobile manufacturing segment of the Group which will enhance future income stream.

The Group will continue to strengthen its leading position in the automobile maintenance equipment sector in the PRC. The automobile maintenance equipment business is expected to grow steadily. We would continue to invest in product research and development and the high-value specialized equipment will be piloting the future business growth of this business segment.

The market ecology of automobile maintenance equipment sector will shift from price to quality and service competition. The favourable government policy of "One Control Three Encourage" in the automobile sector would benefit the Group in a longer term. It explicitly advocates accelerating the development of commercial vehicle as well as automobile spare parts sector.

EMPLOYEE REMUNERATION POLICIES

As at 31 December 2006, the Group employed a total of 1,200 (2005: 912) full time employees.

The Group provides remuneration package to employees largely based on industry practice, individual performance qualification and experience. In addition, discretionary bonus and share option may be granted to eligible staff by reference to the Group's performance and individual performance. The Group also provides other benefits to its employees such as medical and statutory retirement benefits for both the directors and employees.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor its subsidiaries had purchased, sold and redeemed any of the Company's listed securities during the year ended 31 December 2006.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE PRACTICES

In the opinion of the directors, the Company has complied with the code provisions as set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 to the Listing Rules during the year ended 31 December 2006, except for deviations as below:

Rule C.2.1: The Company has engaged an independent auditor (the "Independent Auditor") in 2006 to review the effectiveness of internal control system of the Group which cover all material controls, including financial, operational and compliance controls as well as risk management functions. The Independent Auditor has performed review of the internal control system of the Group for the year ended 31 December 2006 and the relevant review report has also been reviewed and considered by the audit committee of the Company.

Rule E.1.2: The Chairman of the Board did not attend the annual general meeting of the Company held on 22 September 2006 because of another business engagement. The directors present thereat conducted the meeting in a duly constituted and proper manner.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by directors (the "Code of Conduct") on terms no less exacting than the required standard of the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules.

Having made specific enquiry with all directors, each of whom has confirmed compliance with the required standard set out in the Code of Conduct throughout the year ended 31 December 2006.

AUDIT COMMITTEE

The Company established an audit committee with terms of reference no less exacting than the required standard as set out in the code provisions of the CG Code. 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 Group's annual results for the year ended 31 December 2006 in conjunction with the Company's external auditors. The audit committee has three members comprising all the independent non-executive directors of the Company.

REMUNERATION COMMITTEE

The Company established a remuneration committee with terms of reference no less exacting than the required standard as set out in the code provisions of the CG Code. The primary duties of the remuneration committee are to review and make recommendation for the remuneration policy of the directors and senior management. The remuneration committee comprises two independent non-executive directors, Mr Gu Yao Tian and Mr Li Xin Zhong, and one executive director, Mr Zhang Yuqing.

By Order of the Board
Xu Lian Guo
Chairman

Hong Kong, 27 April 2007

As at the date hereof, 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 purpose only*

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