



**ZHONGDA INTERNATIONAL HOLDINGS LIMITED**

**中大國際控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 909)**

**RULE 13.09(1) ANNOUNCEMENT**

**LETTER OF INTENT: PROPOSED ACQUISITION OF A TRADING COMPANY IN THE PRC**

On 5 February 2008, Yancheng Aoshen as purchaser and Zhongda Industrial Group as vendor entered into a non-legally binding Letter of Intent, pursuant to which Yancheng Aoshen intended to acquire and the Vendor intended to transfer of not exceeding 60% equity interest in Yancheng International Trading at a consideration of not more than RMB6 million (equivalent to approximately HK\$6.5 million) subject to the valuation on the Proposed Acquisition to be carried out by independent valuers.

This announcement is made pursuant to Rule 13.09(1) of the Listing Rules.

**LETTER OF INTENT: PROPOSED ACQUISITION OF A TRADING COMPANY IN THE PRC**

On 5 February 2008, Yancheng Aoshen, an indirect wholly-owned subsidiary of the Company, as purchaser and Zhongda Industrial Group as vendor entered into a non-legally binding Letter of Intent, pursuant to which Yancheng Aoshen intended to acquire and the Vendor intended to transfer of not exceeding 60% equity interest in Yancheng International Trading at a consideration of not more than RMB6 million (equivalent to approximately HK\$6.5 million) subject to valuation on the Proposed Acquisition to be carried out by independent valuers. It is proposed that the consideration will be payable in cash by the Purchaser to the Vendor by instalments. It is intended that upon completion of the Proposed Acquisition, Zhongda Industrial Group will enter into or procure Zhongwei Bus and/or Yancheng International Trading to enter into an exclusive overseas distribution agreement with the Group having substantially the same economic benefits as the Exclusive Overseas Distribution Agreement.

As at the date of this announcement, Yancheng International Trading is owned as to 60% by Zhongda Industrial Group and as to 40% by Zhongwei Bus. Subject to the terms of the final sale and purchase agreement in writing to be arrived at by the parties for the Proposed Acquisition, Yancheng International Trading is expected to be a subsidiary of the Company upon completion of the Proposed Acquisition.

## **REASONS FOR ENTERING INTO THE LETTER OF INTENT**

The Group is principally engaged in design, manufacture and sale of automobile manufacture, repair and maintenance equipment and provision of industrial surface treatment engineering equipment. The Group has been diversifying into the manufacturing of commercial vehicles.

Yancheng International Trading is principally engaged in the sales of automobiles, chassis, automobile components, repair and maintenance equipment.

The Directors consider that the Proposed Acquisition, if proceeded, will broaden the business of the Group to the automobile exports business in the PRC and enhance the revenue stream of the Group as well. Yancheng International Trading is a trading company mainly engaged in the automobile exports businesses of Zhongda Industrial Group and its subsidiaries, including Zhongwei Bus, in the PRC. The Proposed Acquisition will open up the automobile exports business of the Group in the PRC.

The Directors are of the opinion that the Proposed Acquisition is and will be of commercial benefits to the Group as a whole.

## **GENERAL**

Zhongwei Bus is owned as to 65% by Zhongda Industrial Group. Zhongda Industrial Group is controlled by both Mr. Xu Lian Guo and Mr. Xu Lian Kuan, Directors and substantial shareholders of the Company. As such, Zhongda Industrial Group and Zhongwei Bus are connected persons of the Company as defined under the Listing Rules. Yancheng International Trading is therefore a connected person of the Company as defined under the Listing Rules.

Should the Company proceed with the Proposed Acquisition, it may constitute possible notifiable transaction and connected transaction of the Company. Separate announcement(s) will be made by the Company in connection with the Proposed Acquisition once the terms of the Proposed Acquisition are finalised for compliance with the Listing Rules.

This announcement is made pursuant to Rule 13.09(1) of the Listing Rules.

The Company wishes to emphasize that, save for the Letter of Intent, no formal agreement in relation to the Proposed Acquisition has been entered into as at the date of this announcement, which is or may be of a price-sensitive nature. Accordingly, the Proposed Acquisition may or may not proceed. Shareholders and investors are advised to exercise caution when dealing in the securities of the Company.

## DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Company”	Zhongda International Holdings Limited, an exempted company incorporated in Bermuda with limited liability and whose shares are listed on the Stock Exchange
“Directors”	the directors of the Company
“Exclusive Overseas Distribution Agreement”	an exclusive overseas distribution agreement dated 10 December 2007 entered into between Zhongwei Bus and Zhongda International Trading Limited for the exclusive overseas distribution of the vehicles manufactured by Zhongwei Bus which was terminated on 1 February 2008, the terms of which are more particularly set out in the announcements of the Company dated 10 December 2007, 2 January 2008 and 1 February 2008
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Letter of Intent”	the non-legally binding letter of intent dated 5 February 2008 entered into between the Vendor and Yancheng Aoshen in connection with the Proposed Acquisition
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Proposed Acquisition”	the proposed acquisition by Yancheng Aoshen from the Vendor of not exceeding 60% equity interest in Yancheng International Trading pursuant to the Letter of Intent
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region and the Taiwan region
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Yancheng Aoshen”	鹽城奧申工業裝備制造有限公司(Yancheng Aoshen Industry Equipment Manufacturing Co. Ltd.*), a company established under the laws of the PRC and is an indirect wholly-owned subsidiary of the Company
“Yancheng International Trading”	鹽城中大國際貿易有限公司(Yancheng Zhongda International Trading Co., Ltd.*), a company established under the laws of the PRC and is owned as to 60% by Zhongda Industrial Group and as to 40% by Zhongwei Bus as at the date of this announcement

“Zhongda Industrial Group” or “Vendor”	中大工業集團公司 (Zhongda Industrial Group Corporation*), a company established under the laws of the PRC and is controlled by Mr. Xu Lian Guo and Mr. Xu Lian Kuan
“Zhongwei Bus”	鹽城中威客車有限公司 (Yancheng Zhongwei Bus Manufacturing Co., Ltd.*), a company established under the laws of the PRC and is owned as to 65% by Zhongda Industrial Group
“%”	per cent.
“RMB”	Renminbi, the lawful currency of the PRC

By Order of the Board  
**ZHONGDA INTERNATIONAL HOLDINGS LIMITED**  
**Xu Lian Guo**  
*Chairman*

Hong Kong, 5 February, 2008

*As at the date of this announcement, the board of directors of the Company 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*