ZHONGDA INTERNATIONAL HOLDINGS LIMITED

(中 大 國 際 控 股 有 限 公 司*)

(Incorporated in Bermuda with limited liability)

(Stock Code: 909)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2007

INTERIM RESULTS

The board of directors (the "Board") of Zhongda International Holdings Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2007 together with the comparative figures for the corresponding period of 2006.

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2007

		For the six months ended 30 June	
		2007	2006
	Notes	**RMB'000**	RMB'000
		(Unaudited)	(Unaudited)
Turnover	*4*	**113,544**	88,635
Cost of sales		**(86,006)**	(59,998)
Gross profit		**27,538**	28,637
Other revenue		**6,756**	3,017
Selling and distribution expenses		**(8,724)**	(8,337)
Administrative and other operating expenses		**(9,026)**	(10,917)
Finance costs	*5*	**(6,229)**	(3,071)
Profit before taxation	*6*	**10,315**	9,329
Taxation	*7*	**(182)**	(2,592)
Profit for the period		**10,133**	6,737
Attributable to:			
Equity holders of the Company		**9,156**	6,185
Minority interests		**977**	552
		10,133	6,737
Dividends	*8*	**–**	–
		RMB	RMB
Earnings per share	*9*		
– Basic		**2.18 cents**	1.55 cents
– Diluted		**2.05 cents**	N/A

CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2007

	Notes	30 June 2007 RMB'000 (Unaudited)	31 December 2006 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment and construction-in-progress		**122,188**	116,270
Prepaid lease payments on land use rights		**57,886**	58,523
Prepayment for an investment in an associate		**1,038**	1,087
Available-for-sale investments		**900**	900
Deferred tax assets		**15,720**	15,620
		197,732	192,400
Current assets			
Prepaid lease payments on land use rights		**1,275**	1,275
Financial asset at fair value through profit or loss		**–**	200
Inventories		**31,062**	27,812
Trade and bills receivables	*10*	**142,369**	138,065
Prepayments and other receivables		**95,380**	19,198
Amounts due from related companies		**30,838**	27,198
Restricted bank balances		**8,000**	3,000
Bank balances and cash		**115,167**	17,695
		424,091	234,443
Current liabilities			
Trade and bills payables	*11*	**69,991**	23,738
Advance receipt from customers		**27,288**	7,426
Other payables and accruals		**49,189**	46,691
Amounts due to related companies		**269**	1,048
Amounts due to directors		**713**	6,178
Tax payable		**14,482**	14,148
Bank borrowings – due within one year		**142,340**	142,500
		304,272	241,729

CONDENSED CONSOLIDATED BALANCE SHEET (Continued)
AS AT 30 JUNE 2007

	Notes	**30 June 2007 RMB'000 (Unaudited)**	31 December 2006 RMB'000 (Audited)
Net current assets/(liabilities)		**119,819**	(7,286)
Total assets less current liabilities		**317,551**	185,114
Non-current liabilities			
Loan from an ultimate holding company		**–**	12,000
Bank borrowings – due after one year		**20,000**	–
		297,551	173,114
Capital and reserves			
Share capital		**53,141**	42,386
Reserves		**225,135**	114,717
Equity attributable to equity holders of the Company		**278,276**	157,103
Minority interests		**19,275**	16,011
		297,551	173,114

NOTES:

1. GENERAL

The condensed consolidated interim financial information has been prepared in accordance with the applicable disclosure requirements set out in Appendix 16 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and with Hong Kong Accounting Standard ("HKAS") No.34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The condensed consolidated interim financial information does not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the annual consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2006.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated interim financial information has been prepared under the historical costs basis except for certain financial instruments, which are measured at fair values, as appropriate.

The accounting policies used in the condensed consolidated interim financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2006.

In the current period, the Group has applied, for the first time, a number of new Hong Kong Financial Standards ("HKFRSs"), HKASs and interpretations (hereinafter collectively referred to as "new HKFRSs") issued by the HKICPA which are effective for accounting periods beginning on or after 1 January 2007. 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 period adjustment has been required.

The Group has not early applied the following new HKFRSs that have been issued but are not yet effective as at 30 June 2007. The directors of the Company anticipate that the application of these new HKFRSs will have no material impact on the results and financial position of the Group.

HKAS 23 (Revised)	Borrowing costs[1]
HKFRS 8	Operating segments[1]
HK(IFRIC)-Interpretation ("Int") 11	HKFRS 2 – Group and treasury share transactions[2]
HK(IFRIC)-Int 12	Service concession arrangements[3]

[1] Effective for annual periods beginning on or after 1 January 2009.

[2] Effective for annual periods beginning on or after 1 March 2007.

[3] Effective for annual periods beginning on or after 1 January 2008.

3. 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 followings:

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

Segment information for the six months ended 30 June 2007 and 2006 is as follows:

Business segments

	Automobile equipment		**Bus**		**Total**	
	For the six months ended 30 June					
	2007	2006	**2007**	2006	**2007**	2006
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
REVENUE						
External sales	**104,107**	88,635	**9,437**	–	**113,544**	88,635
RESULTS						
Segment results	**11,691**	11,362	**535**	246	**12,226**	11,608
Unallocated income					**4,856**	2,268
Unallocated corporate expenses					**(2,438)**	(2,225)
Interest income					**1,900**	749
Finance costs					**(6,229)**	(3,071)
Profit before taxation					**10,315**	9,329
Taxation					**(182)**	(2,592)
Profit for the period					**10,133**	6,737

4. TURNOVER

	For the six months ended 30 June	
	2007	2006
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Sales of goods	**91,431**	67,881
Revenue from construction contracts	**22,113**	20,754
	113,544	88,635

5. FINANCE COSTS

	For the six months ended 30 June	
	2007	2006
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest expenses on bank borrowings wholly repayable within five years	**6,229**	3,071

6. PROFIT BEFORE TAXATION

Profit before taxation has been arrived at after charging the followings:

	For the six months ended 30 June	
	2007	2006
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Depreciation on property, plant and equipment	**2,120**	1,833
Amortisation on prepaid lease payments on land use rights	**637**	175
Operating leases in respect of rented premises	**569**	600

7. TAXATION

	For the six months ended 30 June	
	2007	2006
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current income tax		
– The People's Republic of China (the "PRC")	**282**	2,592
Deferred taxation		
– PRC income tax	**(100)**	–
	182	2,592

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

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.

8. DIVIDENDS

The directors have resolved not to declare any interim dividend for the six months ended 30 June 2007 (2006: Nil).

9. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the Group's profit attributable to equity holders of the Company of approximately RMB9,156,000 (2006: RMB6,185,000) and the weighted average number of ordinary shares of 420,769,027 (2006: 400,004,000) in issue during the period.

The calculation of the diluted earnings per share is based on the Group's profit attributable to equity holders of the Company of approximately RMB9,156,000 and the weighted average number of ordinary shares of 446,650,493 in issue after adjusting for the effect of all dilutive potential ordinary shares during the period. For the six months ended 30 June 2006, no diluted earnings per share was presented as the outstanding potential ordinary shares were anti-dilutive for that period.

10. TRADE AND BILLS RECEIVABLES

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

	30 June 2007 RMB'000 (Unaudited)	31 December 2006 RMB'000 (Audited)
Within six months	**63,544**	44,963
Between seven and twelve months	**7,217**	7,345
Between one and two years	**15,851**	46,433
More than two years	**51,036**	13,202
	137,648	111,943
Retention receivables	**4,167**	5,145
	141,815	117,088

11. TRADE AND BILLS PAYABLES

An ageing analysis of trade and bills payables is as follows:

	30 June 2007 RMB'000 (Unaudited)	31 December 2006 RMB'000 (Audited)
Within one year	**43,068**	18,148
Between one and two years	**19,138**	990
Between two and three years	**–**	–
More than three years	**55**	1,600
	62,261	20,738
Bills payable	**7,730**	3,000
	69,991	23,738

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The Group recorded a net profit of approximately RMB10,133,000, an increase of 50.4% compared with last period. Turnover during the period amounting to approximately RMB113,544,000 which increased by 28.1%. The overall gross profit margin was diluted from 32.3% to 24.3% for the period due to raw material price increase and consolidation of the results from Nanjing Zhongda Jinling Double-Decker Bus Manufacture Co., Ltd. (南京中大金陵雙層客車製造有限公司) ("Nanjing Jinling"). Profit attributable to shareholders was approximately RMB9,156,000 (2006: RMB6,185,000).

For the period under review, the basic earnings per share of the Group was approximately RMB2.18 cents (2006: RMB1.55 cents).

Operating Environment

The first half of 2007 was another challenging period for the automobile manufacturing sector in the PRC. The price of steel and raw materials for manufacturing vehicles recorded further increases while the downward adjustment in the selling prices of products continued, putting pressure on the gross profit of the industry. On the other hand, domestic banks tightened their lending policy in response to the Government's macro-economic control by increasing the interest rate. It resulted in an upsurge of finance cost.

Automobile Maintenance Equipment Business

During the period, the Group's automobile repairs and maintenance equipment business recorded an increase in revenue by 6.9%. The turnover of surface engineering business grew by 6.5%. Export sales mainly consist of spray booth and lifters were approximately RMB3,533,000, representing an increase of approximately 18% when compared with last period. Export sales accounts for approximately 28% of the segment. The Group's export products 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 including the Middle East and Eastern Europe.

In response to market demand, the Group re-engineered some products to broaden the market coverage. The Group has deployed lacquer room for non-automobile product to diversify the product line. The Group has also re-branded some product to target lower-end customer in order to maintain our leading market share. Consequently, the overall gross profit margin for the products reduced to 29.0%.

Automobile Manufacturing Business

Nanjing Jinling is a joint venture of the Group's automobile manufacturing business. It is the only enterprise designated in the PRC for the development of double-decker city buses. It possesses the leading skills and technologies in the production of double-decker. Currently, over 80% of the double-decker buses in the PRC are manufactured by Nanjing Jinling. The joint venture has completed all necessary formalities to operate during the period. Its contribution to the Group begins with effect from April 2007. During the period, Nanjing Jinling recorded a turnover of approximately RMB9,447,000.

During the period, the Group upgraded the technologies of Nanjing Jinling and expanded its production capacity to meet the increasing sales demand. The construction of a new production plant has been delayed due to heavy rain storm. With the expected completion of the new plant by the end of 2007, the annual production capacity of Nanjing Jinling will be substantially increased from 800 units to 3,000 units.

Liquidity and Financial Resources

As at 30 June 2007, the net asset value of the Group amounted to approximately RMB297,551,000 (31 December 2006: RMB173,114,000). As at 30 June 2007, the cash and bank balances of the Group amounted to approximately RMB115,167,000 (31 December 2006: RMB17,695,000). Cash is mainly denominated in Renminbi. Long term and short term bank loans amounted to approximately RMB142,340,000 and RMB20,000,000 respectively (31 December 2006: nil and RMB142,500,000 respectively). As at 30 June 2007, the Group's bank borrowings as a percentage of net asset value was 54.6% (31 December 2006: 82.3%).

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 30 June 2007, the Group had contingent liabilities of approximately RMB12,122,500 (31 December 2006: RMB12,122,500).

Prospect

During the first half of 2007, 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 logistics demand which in turn increase the demand for transportation vehicles. It would definitely benefit the automobile manufacturing industry and related sector such as automobile maintenance equipment as well.

Besides, the PRC government is currently implementing a "San Tong" Project. The Project aims at expanding the rural area coverage 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 the next ten years.

With the increasing production capacity of Nanjing Jinling by the end of 2007, we expect the popularity of double-decker bus in the PRC shall be further enhanced. The strong demand for better public transportation as a result of the accelerating nationwide economic development will benefit Nanjing Jinling. Its contribution to the Group in the coming years shall be encouraging.

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. The venture is expected to commence production in 2008.

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 have recently co-operated with a renowned U.S. partner to upgrade our car washing machine. We expect the export sales for such product line would be increased. We would continue to invest in product research and development of high-value specialized equipment that 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 favorable government policy of "One Control Three Encourage" in the automobile sector would benefit the Group in a longer term. It explicitly advocates the development of commercial vehicles as well as automobile spare parts sector.

MATERIAL ACQUISITIONS AND DISPOSALS

There were no material acquisitions and disposals of subsidiaries and associated companies during the six months ended 30 June 2007.

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 RMB111,350,000 (31 December 2006: RMB112,915,000).

EMPLOYEE REMUNERATION POLICIES

As at 30 June 2007, the Group employed a total of 1,300 (31 December 2006: 1,200) 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 six months ended 30 June 2007.

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 six months ended 30 June 2007.

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 period ended 30 June 2007.

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 three members comprising all the independent non-executive directors of the Company. The unaudited consolidated results of the Group for the six months ended 30 June 2007 have not been reviewed by the Company's auditors but have been reviewed by the audit committee 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, 24 September 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.

* *For identification purpose only*