ZHONGDA INTERNATIONAL HOLDINGS LIMITED

（中大國際控股有限公司*）

(Incorporated in Bermuda with limited liability)

(Stock Code: 00909)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2009

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 (collectively, the "Group") for the year ended 31 December 2009 together with the comparative figures for the previous year as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2009

	Notes	**2009** *RMB'000*	2008 *RMB'000*
Revenue	*3*	**455,026**	639,691
Cost of sales		**(378,899)**	(537,472)
Gross profit		**76,127**	102,219
Other revenue	*5*	**13,496**	17,653
Selling and distribution expenses		**(22,099)**	(19,258)
Administrative expenses		**(54,187)**	(49,308)
Impairment loss on trade receivables		**(24,254)**	(15,340)
Impairment loss on other receivables		**(9,903)**	(2,980)
Impairment loss on amount due from a related company		**(7,678)**	–
Equity-settled share-based payments		**(11,083)**	–
Changes in fair value of investment properties		**(19,370)**	8,108
Other operating expenses		**(4,003)**	(5,004)
Share of loss of associates		**(381)**	–
Finance costs	*6*	**(20,929)**	(17,974)
(Loss) profit before tax		**(84,264)**	18,116
Income tax expense	*7*	**(29,469)**	(10,438)
(Loss) profit for the year	*8*	**(113,733)**	7,678
(Loss) profit for the year attributable to:			
Owners of the Company		**(91,790)**	16,198
Minority interests		**(21,943)**	(8,520)
		(113,733)	7,678
(Loss) earnings per share	*10*		
– Basic (cents per share)		**(12.15 cents)**	2.73 cents
			(Restated)
– Diluted (cents per share)		**(12.15 cents)**	2.70 cents
			(Restated)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2009

	2009	2008
	RMB'000	*RMB'000*
(Loss) profit for the year	**(113,733)**	7,678
Other comprehensive expenses		
Exchange differences arising on translation	**(4,296)**	(4,765)
Total comprehensive (expenses) income for the year	**(118,029)**	2,913
Total comprehensive (expenses) income attributable to:		
Owners of the Company	**(96,086)**	11,433
Minority interests	**(21,943)**	(8,520)
	(118,029)	2,913

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2009

	Note	**2009**	2008
		RMB'000	*RMB'000*
Non-current assets			
Property, plant and equipment		**100,194**	100,233
Prepaid lease payments		**41,544**	42,514
Investment properties		**103,816**	123,559
Interests in associates		**18,079**	–
Prepayments for investments in associates		**–**	18,898
Available-for-sale investments		**900**	900
Deferred tax assets		**–**	32,188
		264,533	318,292
Current assets			
Prepaid lease payments		**970**	970
Inventories		**25,166**	58,581
Amounts due from related companies		**115,139**	270,379
Amounts due from associates		**287,483**	705
Trade and bills receivables	*11*	**77,901**	95,718
Amounts due from customers for contract work		**53,216**	13,953
Held for trading investments		**–**	31
Prepayments and other receivables		**41,362**	26,557
Restricted deposit placed in a financial institution		**–**	5,000
Pledged bank deposit		**9,994**	10,149
Restricted bank balances		**115,628**	82,647
Bank balances and cash		**85,856**	31,097
		812,715	595,787

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)
As at 31 December 2009

	Note	**2009** *RMB'000*	2008 *RMB'000*
Current liabilities			
Amounts due to customers for contract work		**43,965**	1,068
Trade and bills payables	*12*	**308,266**	265,181
Advance receipt from customers		**4,417**	25,115
Other payables and accruals		**46,475**	35,658
Amount due to an associate		**–**	37
Amounts due to related companies		**4,453**	1,666
Amounts due to directors		**5,485**	5,288
Loan from ultimate holding company		**–**	18,614
Tax payable		**30,183**	27,093
Bank overdrafts		**6,257**	7,991
Bank and other borrowings		**210,876**	175,460
		660,377	563,171
Net current assets		**152,338**	32,616
Total assets less current liabilities		**416,871**	350,908
Capital and reserves			
Share capital		**99,166**	55,074
Share premium and reserves		**274,252**	263,618
Equity attributable to owners of the Company		**373,418**	318,692
Minority interests		**1,027**	20,488
Total equity		**374,445**	339,180
Non-current liabilities			
Bank and other borrowings		**37,095**	–
Deferred tax liabilities		**5,331**	11,728
		42,426	11,728
		416,871	350,908

Notes:

1. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised standards, amendments to standards and interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Hong Kong Accounting Standard ("HKAS") 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) – Interpretation ("Int") 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) – Int 18	Transfers of Assets from Customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

Except as described below, the adoption of the new and revised HKFRSs had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

New and revised HKFRSs affecting presentation and disclosure only

HKAS 1 (Revised 2007) "Presentation of Financial Statements"

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.

HKFRS 8 Operating Segments

HKFRS 8 is a disclosure standard. The adoption of HKFRS 8 has not resulted in a re-designation of the Group's reportable segments nor changes in the basis of measurement of segment profit or loss, segment assets and segment liabilities.

The Group has not early applied the following new and revised standards, amendments and interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 24 (Revised)	Related Party Disclosures[5]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 32 (Amendment)	Classification of Rights Issues[4]

1. APPLICATION OF NEW AND REVISED HKFRSs (Cont'd)

New and revised HKFRSs affecting presentation and disclosure only (Cont'd)

HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[3]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First time Adopters[6]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[3]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial Instruments[7]
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[5]
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[6]

1 Effective for annual periods beginning on or after 1 July 2009.
2 Amendments that are effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate.
3 Effective for annual periods beginning on or after 1 January 2010.
4 Effective for annual periods beginning on or after 1 February 2010.
5 Effective for annual periods beginning on or after 1 January 2011.
6 Effective for annual periods beginning on or after 1 July 2010.
7 Effective for annual periods beginning on or after 1 January 2013.

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary.

HKFRS 9 Financial Instruments introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The standard requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the consolidated financial statements.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values.

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the 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 "Stock Exchange") and by the Hong Kong Companies Ordinance.

3. REVENUE

Revenue represents the revenue arising on construction contracts, commission income received from agency sales transaction and amounts received and receivable for goods sold net of discounts and sales related taxes. An analysis of the Group's revenue for the year is as follows:

	2009	2008
	RMB'000	*RMB'000*
Sales of goods	**372,436**	583,633
Revenue from construction contracts	**65,400**	13,848
Commission income	**9,190**	36,036
Gross rental income from investment properties *(Note)*	**8,000**	6,174
	455,026	639,691

Note: Direct operating expenses from investment properties included in administrative expenses that generated rental income during the year ended 31 December 2009 was approximately RMB462,000 (2008: RMB386,000).

4. SEGMENT INFORMATION

The Group has adopted HKFRS 8 "Operating Segments" with effect from 1 January 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker for the purpose of allocating resources to segments and assessing their performance. In contrast, the predecessor standard (HKAS 14 "Segment Reporting") required an entity to identify two sets of segments (business and geographical) using a risks and returns approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for identification of such segments. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14. Nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

The Group's operating and reportable segments under HKFRS 8 are therefore as follows:

Automobile equipment	–	manufacture and sales of automobile equipment
Buses	–	manufacture and sales of buses
Automobile spare parts	–	trading of automobile spare parts
Property investment	–	leasing of investment properties

Information regarding the above segments is reported below.

4. SEGMENT INFORMATION (Cont'd)

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segment.

For the year ended 31 December 2009

	Automobile equipment *RMB'000*	**Buses** *RMB'000*	**Automobile spare parts** *RMB'000*	**Property investment** *RMB'000*	**Total** *RMB'000*
REVENUE	**197,060**	**120,722**	**129,244**	**8,000**	**455,026**
Segment profit (loss)	**(32,369)**	**451**	**6,419**	**(11,281)**	**(36,780)**
Unallocated corporate expenses					**(28,594)**
Unallocated other revenue					**2,420**
Share of loss of associates					**(381)**
Finance costs					**(20,929)**
Loss before tax					**(84,264)**

For the year ended 31 December 2008

	Automobile equipment *RMB'000*	Buses *RMB'000*	Automobile spare parts *RMB'000*	Property investment *RMB'000*	Total *RMB'000*
REVENUE	189,679	201,387	242,451	6,174	639,691
Segment profit (loss)	(14,674)	23,346	20,566	14,282	43,520
Unallocated corporate expenses					(10,370)
Unallocated other revenue					2,940
Finance costs					(17,974)
Profit before tax					18,116

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit (loss) represents the profit earned by or loss from each segment without allocation of central administration costs, directors' salaries, bank interest income and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

4. SEGMENT INFORMATION (Cont'd)

Geographical information

The Group operates in three principal geographical areas – the PRC, Europe and Asia other than the PRC.

The Group's revenue from external customers and information about its non-current assets by geographical location are detailed below:

	Revenue from external customers		Non-current assets	
	2009	2008	**2009**	2008
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
The PRC (country of domicile)	**437,353**	599,347	**219,772**	242,142
Europe	**4,963**	18,420	**–**	–
Asia other than the PRC	**4,074**	8,643	**25,782**	24,164
Others	**8,636**	13,281	**–**	–
	455,026	639,691	**245,554**	266,306

Note: Non-current assets exclude interests in associates, prepayments for interests in associates, available-for-sale investments and deferred tax assets.

5. OTHER REVENUE

	2009	2008
	RMB'000	*RMB'000*
Sales of raw materials	**4,185**	3,019
Interest income	**2,420**	2,940
Waiver of trade payables	**5,022**	3,622
Waiver of other payables and accruals	**462**	2,191
Government grants *(Note)*	**–**	2,053
Recovery of impairment loss on an investment	**–**	1,810
Gain on disposal of held for trading investments	**26**	–
Gain on disposal of property, plant and equipment	**333**	–
Others	**1,048**	2,018
	13,496	17,653

Note: Pursuant to the notices issued by the relevant government authorities, a PRC subsidiary of the Company was entitled to enjoy subsidies for business development of automobile equipment.

6. FINANCE COSTS

	2009	2008
	RMB'000	*RMB'000*
Interest on bank overdrafts, bank and other borrowings wholly repayable within five years	**11,683**	14,208
Interest on discounted bills	**6,216**	3,766
Effective interest expense on convertible bond	**256**	–
Total interest	**18,155**	17,974
Loss on early redemption of convertible bond	**5**	–
Debt extinguishment loss	**2,769**	–
	20,929	17,974

7. INCOME TAX EXPENSE

	2009	2008
	RMB'000	*RMB'000*
Current tax:		
– PRC Enterprise Income Tax ("EIT")	**3,678**	13,768
– Hong Kong Profits Tax	**–**	–
	3,678	13,768
Over provision in prior years:		
– EIT	**–**	(90)
– Hong Kong Profits Tax	**–**	(210)
	–	(300)
Deferred tax:		
– Current year	**25,791**	(3,030)
	29,469	10,438

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards except for Yancheng Ausen Industrial Equipment Manufacture Co., Ltd. ("Ausen Industrial Equipment").

7. **INCOME TAX EXPENSE (Cont'd)**

Pursuant to an approval document dated 20 December 2004 issued by the State Tax Bureau of Yancheng, Ausen Industrial Equipment, being a foreign investment enterprise, is qualified as a production enterprise and entitles to EIT exemption for the years 2004 and 2005 and a 50% reduction in EIT for the years from 2006 to 2008. On 16 March 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the "New Law") by Order No.63 issued by the Tenth National People's Congress. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. The New Law and Implementation Regulations changed the tax rate from 1 January 2008 onwards. The application of the New Law has not altered the entitlement of Ausen Industrial Equipment for the preferential tax rate. The applicable income tax rate of Ausen Industrial Equipment is 25% (2008: 12.5%) due to the expiry of tax holidays and concessions.

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5%, which is effective from the year of assessment 2008/2009. No provision for Hong Kong Profits Tax has been made for the year ended 31 December 2009 as the Group does not have any assessable profits subject to Hong Kong Profits Tax for the year (2008: Nil).

8. **(LOSS) PROFIT FOR THE YEAR**

(Loss) profit for the year has been arrived at after charging (crediting):

	2009	2008
	RMB'000	*RMB'000*
Amortisation on prepaid lease payments	**970**	1,061
Auditor's remuneration	**1,742**	1,321
Reversal of impairment loss on inventories (included in cost of sales)	**(747)**	–
Impairment loss on inventories (included in cost of sales)	**–**	2,055
Recognition of expected losses for contract work (included in cost of sales)	**–**	10,160
Change in fair value of held for trading investments	**–**	69
Net foreign exchange (gain) losses	**(162)**	1,258
Impairment loss on prepayments for investments in associates (included in administrative expenses)	**438**	36
Cost of inventories recognised as an expense	**361,433**	514,233
Depreciation on property, plant and equipment	**7,460**	5,962
(Gain) loss on disposal of property, plant and equipment	**(333)**	18
Write off of property, plant and equipment (included in administrative expenses)	**–**	157
Equity-settled share-based payments to consultants	**8,526**	–
Staff costs (excluding directors' emoluments)		
− Salaries and wages	**20,320**	25,900
− Retirement benefits scheme contributions	**2,422**	2,847
− Equity-settled share-based payments	**2,131**	–
Total staff costs	**24,873**	28,747
Minimum lease payments under operating lease charges	**1,281**	1,326

9. **DIVIDENDS**

No dividend was paid or proposed during 2009, nor has any dividend been proposed since the end of the reporting period (2008: Nil).

10. (LOSS) EARNINGS PER SHARE

The calculation of the basic and diluted (loss) earnings per share attributable to owners of the Company is based on the following data.

(Loss) earnings	**2009** ***RMB'000***	2008 *RMB'000*
(Loss) profit for the year attributable to owners of the Company for the purposes of basic and diluted (loss) earnings per share	**(91,790)**	16,198

Number of shares	**2009** ***'000***	2008 *'000* (restated)
Weighted average number of ordinary shares for the purposes of basic loss (earnings) per share	**755,308**	593,766
Effect of dilutive potential ordinary shares:		
Share options	**–**	7,095
Weighted average number of ordinary shares for the purposes of diluted loss (earnings) per share	**755,308**	600,861

The weighted average number of ordinary shares for the year ended 31 December 2008 has been adjusted retrospectively for the effect due to the bonus element in the open offer completed in July 2009.

Diluted loss per share and basic loss per share for the year ended 31 December 2009 were the same as the conversion of convertible bond and exercise of share options would result in reduction in loss per share.

11. TRADE AND BILLS RECEIVABLES

	2009 ***RMB'000***	2008 *RMB'000*
Trade receivables	**172,061**	164,409
Less: Impairment loss recognised	**(94,460)**	(70,206)
	77,601	94,203
Bill receivables	**300**	1,515
	77,901	95,718

The Group allows credit period ranging from 30 to 365 days (2008: 30 to 180 days) to its trade customers. The Group granted a longer credit period to the loyal customers as a result of financial crisis to maintain the loyal customers. The following is an aged analysis of trade receivables net of impairment loss on trade receivables presented based on the invoice date at the end of the reporting date.

11. TRADE AND BILLS RECEIVABLES (Cont'd)

	2009	2008
	RMB'000	*RMB'000*
0-180 days	**49,148**	68,383
181-365 days	**28,453**	8,886
1-2 years	**–**	10,199
Over 2 years	**–**	6,735
Total	**77,601**	94,203

12. TRADE AND BILLS PAYABLES

The following is an aged analysis of trade and bills payables presented based on the invoice date at the end of the reporting period.

	2009	2008
	RMB'000	*RMB'000*
0-180 days	**105,764**	136,662
181-365 days	**10,264**	9,725
1-2 years	**12,446**	5,617
Over 2 years	**11,424**	1,002
	139,898	153,006
Bills payable	**168,368**	112,175
	308,266	265,181

The average credit period on purchases of goods ranges from one to six months. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

13. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the presentation of the current year and such reclassification has no impact on the Group's profit for the year 2008. In particular, for the purpose of better representation of the Group's activities, the impairment loss on trade and other receivables of approximately RMB15,340,000 and RMB2,980,000 respectively, which had previously been recorded under "Administrative expenses" in the consolidated financial statements for 2008, were reclassified to "Impairment loss on trade receivable" and "Impairment loss on other receivable" respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

During the year under review, the Group's turnover recorded a substantial drop by 28.9% to approximately RMB455.0 million. It was mainly attributable to the economic downturn that triggered by United States sub-prime mortgage crisis during Year 2008. The ripple effect still adversely affected the economy most of the time during the last year. The pace of recovery is still slow and lack of momentum.

Automobile Repair and Maintenance Equipment

During the year, export sales of the Group comprising mainly automobile spray booths and car lifters were approximately RMB20.8 million, representing a decrease of 38.6% when compared with previous year due to global shrinkage of automobile industry. The overall turnover was approximately RMB129.9 million which decreased by 8.2% when compared with last year. While it is expected that the global economy would still be weak and export sales would not be recovered in short period of time, we would continue to developing new products in order to retain our competitiveness. As such, the core business is expected to provide stable and recurring income in the coming years.

Trading of Automobile Spare Parts

Yancheng Zhongda Automobiles Equipment Co. Ltd. is the procurement center for both the Group and the Zhongda Industrial Group Corporation ("ZIG"). The turnover of this segment was approximately RMB129.2 million which drastically decreased by 46.7% when compared with last year. It was mainly due to decrease in export sales by Zhongwei Bus. Moving forward, we are planning to upgrade this platform to serve our affiliate companies and joint ventures. In the long run, we would expand and open this platform to serve outside customers.

Automobile (Double-Decker) Manufacturing

During the year, Nanjing Zhongda Jinling Double-Decker Bus Manufacture Co. Ltd. ("Zhongda Jinling") has contributed revenue of approximately RMB120.7 million, accounting for approximately 26.5% of the Group's total revenue. The Group strives to enhance the manufacturing technology in order to ensure that our products shall comply with latest environmental protection requirements. After having strengthened the management of Zhongda Jinling, it will continue to exploit and develop overseas markets that provide a better margin. Currently, our double-decker has already been sold to Egypt, Doha and United Arab Emirates.

Zhongwei Bus

During the year, the Group has acquired 20% shareholding of Zhongwei Bus ("Zhongwei"). Zhongwei becomes our associated company which is specialized in the manufacturing of long-haul coaches. Its products have been sold to over 40 countries around the world. The export sales of Zhongwei have dropped tremendously in Year 2009 due to the adverse global economy. Consequently, this segment reported an operating loss. Meanwhile, the situation is improving and we are receiving backlog orders from customers.

Overseas Project

During the last year, we have been successfully concluded the deal with South Africa National Taxi Council ("SANTACO"). We would be bulk selling tailor-made minibus and coaches to the country. We are going to form a joint venture with SANTACO which will also take care after-sale-services for these vehicles. Meanwhile, we are negotiating further business co-operation with SANTACO. It is expected that business opportunities will increase due to the upcoming World Cup 2010 event.

Co-operation with ZIG

During the past few years, ZIG has been working closely with various parties to develop new energy vehicle. Recently, ZIG has successfully developed pure electric bus jointly with Hubei Qingshan Energy Research Laboratory. The performance of the prototype was very satisfactory. ZIG is planning to commercialize the product. The Group will work closely with ZIG and look for possible co-operations so as to capture the opportunity of the coming green era and to enlarge the Group's revenue stream.

FINANCIAL REVIEW AND LIQUIDITY

Gross Margin

The gross margin for the year has slightly improved. Price increase in raw material price especially steel during the past few years has expelled some small players out from the market. The alleviation of price competition allowed room for product price increase. On the other hand, the Group has also tightened its control over manufacturing process so as to counteract the increase in labor cost. As a result, the gross profit margin of the year has increased from 16.0% to 16.7% when compared with last year.

Net Loss

The Group recorded a net loss before tax is approximately RMB84.2 million when compared with a net profit of RMB18.1 million last year. Basic loss per share for the year was RMB12.15 cents.

Liquidity

Liquidity as measured by current ratio (defined as "Current Asset/Current Liabilities") with a ratio of 1.2x during the year was considered as acceptable. Regarding the current assets, approximately 26.0% were cash and bank deposit. This level was considered as sufficient.

Leverage

Net gearing ratio (defined as "Total bank debts – Cash available/Total Net Worth") was improved to 0.11x in the year from 0.16x as at 31 December 2008. The Group will take effort to retain its leverage at a satisfactory level.

As at 31 December 2009, cash and bank balances of the Group amounted to approximately RMB211,478,000 (31 December 2008: RMB128,893,000). Cash is mainly denominated in Renminbi. Long term loan was amounted to approximately RMB37,095,000 (31 December 2008: Nil) and the short term bank loans was amounted to approximately RMB217,133,000 (31 December 2008: RMB183,451,000) which representing an increase of approximately RMB33,682,000.

The interest rates of bank borrowings ranged between 1.30% and 9.47% per annum (31 December 2008: between 1.25% and 9.57%). 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.

Assets

As at 31 December 2009, the net asset value of the Group amounted to approximately RMB374,445,000 (31 December 2008: RMB339,180,000), representing an increase of approximately 10.4%. Net current assets amounted to approximately RMB152,338,000 (31 December 2008: RMB32,616,000), an increase of approximately RMB119,722,000 from last year as a result of increase in capital from issuing new shares.

PROSPECT

The global economic turmoil triggered by US sub-prime mortgage is still casting its effect over all sectors globally. With worldwide co-operation to curb the spread of an economic depression, the situation is under control but the sign of recovery is still blur. However, it is expected that the demand for commercial vehicles is less affected especially in emerging markets including Africa, the Middle East, Eastern Europe and Asia. With the successful conclusion of the joint-venture with South Africa National Taxi Council, the Group will continue to develop and explore our business in these areas. In addition, we have increased our effort to exploit domestic markets especially in those provinces in western and north-western part of the PRC.

Recently, the PRC government has implemented a series of policies to support the development of new energy automobile industry. As a result, the Group has located certain partners and worked closely with them to exploit this opportunity. We will adjust our business and operation strategies when necessary in response to the dynamic environment in order to improve the Group's profit.

Looking ahead, the Group will implement a strategy of steady growth while seek to capture more new business opportunities so as to generate a satisfactory return to our stakeholders.

EMPLOYEE REMUNERATION POLICIES

As at 31 December 2009, the Group employed a total of 1,300 (2008: 1,300) 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

During the year, the Company repurchased a total of 274,000 shares of the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") at an aggregate purchase price of HK$41,608. Details of the repurchases are as follows:

Month of the repurchases	Number of shares repurchased	Price per share Highest	Price per share Lowest	Aggregate purchase price (excluding expenses)
		HK$	*HK$*	*HK$*
January 2009	274,000	0.155	0.150	41,608

The repurchased shares were cancelled during the year and the issued share capital of the Company was reduced by the par value thereof. The above repurchases were effected by the directors, pursuant to the general mandate granted by the shareholders, with a view to benefit shareholders as a whole in enhancing the net assets and earnings per share of the Company.

Save as disclosed above, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of any listed securities of the Company during the year.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE PRACTICES

In the opinion of the directors, the Company has complied with all code provisions as set out in the Code on Corporate Governance Practices ("the Code") in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") during the year ended 31 December 2009, except for deviations as below:

Rule E.1.2: Neither the chairman nor members of the audit committee attended the annual general meeting of the Company held on 26 June 2009 because of their respective business engagements. However, no question was raised by shareholders at the meeting. 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 2009.

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 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 2009 in conjunction with the Company's external auditors. The audit committee has three members comprising all the independent non-executive directors of the Company.

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

Hong Kong, 28 April 2010

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 Xinzhong as independent non-executive directors of the Company.

* *For identification purposes only*