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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)

CONTINUING CONNECTED TRANSACTION

TENANCY AGREEMENT

On 23 August 2007, Zhongda Automobile Machinery as landlord and Zhongwei Bus as tenant has entered into the Tenancy Agreement in respect of the Land. The Tenancy Agreement constitutes a continuing connected transaction of the Company under Rule 14A.14 of the Listing Rules.

The entering into the Tenancy Agreement is subject to the reporting, announcement and annual review requirements set out in Rules 14A.45 to 14A.47 and Rules 14A.37 to 14A.40 of the Listing Rules and is exempt from the independent shareholders' approval requirements under Rule 14A.34 of the Listing Rules.

The board of directors (the "Board") of Zhongda International Holdings Limited (the "Company") announces that Zhongda Automobile Machinery as landlord and Zhongwei Bus as tenant has entered into the Tenancy Agreement in respect of the Land as detailed below:-

THE TENANCY AGREEMENT

The principal terms of the Tenancy Agreement are as follows:

1. Date: 23 August 2007
2. Parties:
 - Landlord Zhongda Automobile Machinery, an indirect 86.7% owned subsidiary of the Company
 - Tenant Zhongwei Bus, a connected person of the Company as defined under the Listing Rules

3. Land: A site of land of approximately 80,000 sq. m. located at No.7, Xindu Village (新墩村七組), Yancheng City, Jiangsu Province, the PRC (the “Land”)
4. Term: For the period from 12 July 2007 to 31 December 2009
5. Rental: RMB250,000 per calendar month and payable monthly in cash

THE LAND

The leasing of the Land by Zhongda Automobile Machinery to Zhongwei Bus had been expired under a tenancy agreement (the “Expired Tenancy”) at a monthly rental of RMB83,000, payable monthly, which was commenced on 12 July 2004. The Expired Tenancy for the Land was made between the parties for the building by Zhongwei Bus of a vehicle manufacturing plant on the Land and for their mutual logistics advantages in proximity to the production plant of the Group in Yancheng, the PRC.

Based on the audited financial statements of Zhongda Automobile Machinery for the year ended 31 December 2006, the carrying value of the Land as at 31 December 2006 was approximately RMB1,710,000. The rental income from the Expired Tenancy for the years ended 31 December 2005 and 2006 amounted to approximately RMB996,000 and RMB996,000 respectively.

ANNUAL CAP

Based on the monthly rental of RMB250,000 under the Tenancy Agreement, the annual cap shall be approximately RMB1,411,000 for the year ending 31 December 2007 and RMB3,000,000 for the year ending 31 December 2008 to 2009 respectively.

REASONS FOR THE TRANSACTION

The Expired Tenancy was expired on 11 July 2007. Upon expiry of the Expiry Tenancy, the parties intended to enter into a new tenancy agreement for renewing the leasing of the Land with terms including an increased level of rental charge in view of the up-rising rentals as a result of the property market growth in the PRC.

As disclosed in the announcement of the Company dated 23 August 2007 regarding, among other things, the Zhongwei Bus Sales Agreement for the selling by the Group of products and raw materials to Zhongwei Bus in its normal and usual course of business, the Group has had sales transactions with Zhongwei Bus in its course of business since 2003. The Directors consider that the entering into the Tenancy Agreement will enable the Group to enjoy continuously the logistics advantages with Zhongwei Bus in the Land in consideration of the Zhongwei Bus Sales Agreement. Furthermore, the Tenancy Agreement will render a higher rental income to the Group. The Directors therefore are of the view the Tenancy Agreement is of commercial benefits to the Company and the Group as a whole.

The terms of the Tenancy Agreement are reached on an arm's length negotiation with reference to the prevailing market rate in Yancheng City, the PRC. The Board, including the independent non-executive Directors, considers that the Tenancy Agreement has been entered into in the ordinary and usual course of business of the Group and is in the interests of the Company and its shareholders as a whole and the terms thereof are normal commercial terms and are fair and reasonable.

CONTINUING CONNECTED TRANSACTION

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

The execution of the Tenancy Agreement constitutes a continuing connected transaction of the Company under Rule 14A.14 of the Listing Rules. Given the annual rental charge under the Tenancy Agreement does not exceed HK\$10,000,000, the Tenancy Agreement shall be subject to the reporting, announcement and annual review requirements set out in Rules 14A.45 to 14A.47 and Rules 14A.37 to 14A.40 of the Listing Rules and is exempt from the independent shareholders' approval requirements under Rule 14A.34 of the Listing Rules.

GENERAL

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.

Zhongda Automobile Machinery is principally engaged in the business of manufacturing and sales of automobile manufacture, repair and maintenance equipment.

Zhongwei Bus is principally engaged in the manufacture and sale of motor vehicles and automobile spare parts, trading of metals and the provision of maintenance services for motor vehicles.

DEFINITIONS

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

“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy Agreement”	the tenancy agreement dated 23 August 2007 entered into between Zhongda Automobile Machinery and Zhongwei Bus for the leasing of the Land
“Zhongda Automobile Machinery”	Zhongda Automobile Machinery Manufacture Co., Ltd. (中大汽車機械製造有限公司), a company established under the laws of the PRC and is an indirectly 86.7% owned subsidiary of the Company
“Zhongda Industrial Group”	Zhongda Industrial Group Corporation (中大工業集團公司), a company established under the laws of the PRC and is controlled by Mr. Xu Lian Guo and Mr. Xu Lian Kuan
“Zhongwei Bus”	Yancheng Zhongwei Bus Manufacturing Co., Ltd. (鹽城中威客車有限公司), 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
“sq. m.”	square metres

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

Hong Kong, 27 August 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 of the Company respectively.

* For identification purpose only