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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: 00909)**

### **DISCLOSEABLE TRANSACTION DISPOSAL OF SUBSIDIARIES**

On 31 December 2010, the Vendor, an indirect wholly-owned subsidiary of the Company, and the Purchaser entered into the Equity Transfer Agreement pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to purchase, the Sale Interest, representing approximately 60% of the equity interest of the Target Company at a consideration of HK\$1,000,000. The Target Company holds approximately 64.8% interests of Nanjing Zhongda Jinling. After the Disposal, the Disposed Subsidiaries will cease to be subsidiaries of the Company and will be accounted for as associated companies of the Group.

As the applicable percentage ratios in respect of the Disposal exceed 5% but are below 25%, the Disposal constitutes a discloseable transaction for the Company pursuant to Chapter 14 of the Listing Rules. The Disposal is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

### **EQUITY TRANSFER AGREEMENT**

#### **Date**

31 December 2010

#### **Parties**

Vendor: Zhong Da International Limited, an indirect wholly-owned subsidiary of the Company

\* For identification purposes only

Purchaser: the Purchaser

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiry, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

### **Assets to be disposed of**

The Target Company is an indirect wholly owned subsidiary of the Company, as to which approximately 70.2% equity interest is directly held by the Vendor. The Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Interest, representing approximately 60% of the equity interest of the Target Company.

Nanjing Zhongda Jinling is the sole and direct subsidiary of the Target Company. Nanjing Zhongda Jinling is approximately 64.8% owned by the Target Company.

### **Consideration**

The consideration of the Sale Interest is HK\$1,000,000 which was determined after arm's length negotiations between the parties with reference to (i) the net asset value and the business prospect of the Disposed Subsidiaries; (ii) the fact that the assets owned by the Target Company before Completion would be transferred to the Group; and (iii) the prevailing market condition.

The consideration shall be payable by the Purchaser to the Vendor on the date of the Equity Transfer Agreement and satisfied entirely in cash.

### **Conditions Precedent**

Completion of the Disposal is conditional upon the fulfillment of the following conditions on or before the Long Stop Date:

- (1) the waiver of pre-emptive rights from the remaining shareholder of the Target Company in respect of the transfer of the Sale Interest having been obtained, if necessary;
- (2) the change in shareholders of the Target Company as a result of the transfer of the Sale Interest having been properly registered with all relevant PRC government authorities;
- (3) the satisfaction of all necessary legal procedures so that the Purchaser shall become the legal owner of the Sale Interest with respect to the law and regulation of the PRC; and
- (4) the obtaining by the Vendor or the Company, as the case may be, of all necessary authorizations of any kind in connection with the entering into and performance by the Vendor of the terms of the Equity Transfer Agreement which may be required under any relevant regulatory authority and government authorities.

The Equity Transfer Agreement shall terminate if the above conditions are not satisfied on or before the Long Stop Date or such other date as agreed by the parties in writing. In the event that the Equity Transfer Agreement shall terminate, the consideration of the Sale Interest paid by the Purchaser shall be refunded by the Vendor without any interest within three Business Days.

## **Completion**

Completion shall take place on the second Business Day after the Long Stop Date or such other date as may be agreed between the parties thereto in writing.

After the Disposal, the Disposed Subsidiaries will cease to be subsidiaries of the Company and will be accounted for as associated companies of the Group.

## **INFORMATION ON THE DISPOSED SUBSIDIARIES**

### **Information on the Target Company**

The Target Company is a sino-foreign equity joint venture established under the laws of the PRC and an indirect wholly owned subsidiary of the Company. The Target Company is principally engaged in the manufacture and sale of automobile equipment.

The Target Company has a sole subsidiary, Nanjing Zhongda Jinling.

### **Information on Nanjing Zhongda Jinling**

Nanjing Zhongda Jinling is a company established under the laws of the PRC. It is approximately 64.8% owned by the Target Company. Nanjing Zhongda Jinling is principally engaged in the manufacture and sale of buses.

### **Financial information of the Disposed Subsidiaries**

The following information is extracted from the audited financial statements of the Target Company for the two years ended 31 December 2009 based on the PRC GAAP:

	<b>For the year ended 31 December 2008</b>	<b>For the year ended 31 December 2009</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Turnover	7,560	4,617
Net (loss) (before taxation and extraordinary items)	(2,091)	(1,898)
Net profit/(loss) (after taxation and extraordinary items)	980	(1,898)

The following information is extracted from the audited financial statements of Nanjing Zhongda Jinling for the two years ended 31 December 2009 based on the PRC GAAP:

	<b>For the year ended 31 December 2008</b>	<b>For the year ended 31 December 2009</b>
	<i>RMB '000</i>	<i>RMB '000</i>
Turnover	152,260	108,535
Net (loss) (before taxation and extraordinary items)	(9,442)	(7,263)
Net (loss) (after taxation and extraordinary items)	(8,916)	(7,188)

## **INFORMATION ON THE GROUP**

The Group is principally engaged in the development, manufacture and sale of automobile equipment and buses and trading of automobile spare parts.

## **INFORMATION ON THE PURCHASER**

The Purchaser is a company incorporated in Hong Kong and beneficially owned by Mr. Lin. The principal activity of the Purchaser is investment holding.

Mr. Lin has been engaged in manufacturing, trading and investment businesses in the PRC for over 30 years.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

The Target Company has turned from a net profit in 2008 to a net loss in 2009. Nanjing Zhongda Jinling has been loss-making for the past two financial years ended 31 December 2009. As there remains to be long-term potential for the businesses of the Disposed Subsidiaries to become more profitable, the Company believes that inputs of further managerial and financial resources to these businesses will be weighing on the investment costs and financial burden of the Group in the short to medium term. The Directors are of the view that the Disposal would provide immediately earnings enhancement to the Group and to bring in a new shareholder base to the Disposed Subsidiaries with new financial, operational and sales resources.

In view of the above, the Directors are of the view that the terms of the Equity Transfer Agreement are normal commercial terms and are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

The Company intends to use the proceeds from the Disposal as general working capital of the Group.

## **FINANCIAL EFFECT OF THE DISPOSAL**

It is expected that the Group to record an unaudited loss of approximately HK\$1,755,000 from the Disposal calculated with reference to the consideration of the Sale Interest and the estimated net asset value of the Disposal Subsidiaries at Completion.

## **IMPLICATIONS UNDER THE LISTING RULES**

As the applicable percentage ratios in respect of the Disposal exceed 5% but are below 25%, the Disposal constitutes a discloseable transaction for the Company pursuant to Chapter 14 of the Listing Rules. The Disposal is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

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

“Board”	the board of Directors
“Business Day”	a day other than Saturday, Sunday or any day on which licensed banks in Hong Kong are open for business
“Company”	Zhongda International Holdings Limited, an exempted company incorporated in Bermuda with limited liability and whose shares are listed on the Stock Exchange
“Completion”	completion of the Disposal in accordance with the terms and conditions of the Equity Transfer Agreement
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Interest by the Vendor to the Purchaser pursuant to the Equity Transfer Agreement
“Disposed Subsidiaries”	the Target Company and Nanjing Zhongda Jinling
“Equity Transfer Agreement”	the agreement for the transfer of the Sale Interest dated 31 December 2010 entered into between the Vendor and the Purchaser in relation to the Disposal
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	any date within 6 months from the date of the Equity Transfer Agreement (or such later date as may be agreed by the parties in writing)
“Mr. Lin”	Mr. Lin Huisheng (林惠生), the beneficial owner of the Purchaser
“Nanjing Zhongda Jinling”	南京中大金陵雙層客車製造有限公司 (Nanjing Zhongda Jinling Double-decker Bus Manufacture Co., Ltd.*), a company established under the laws of the PRC and is an approximately 64.8% owned subsidiary of the Target Company
“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
“PRC GAAP”	the PRC General Accepted Accounting Practices
“Purchaser”	Talent Treasure Asia Limited, a company incorporated in Hong Kong with limited liability
“Sale Interest”	the 60% equity interest in the Target Company which is held by the Vendor
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	鹽城中大工業裝備製造有限公司 (Yancheng Zhongda Industrial Equipment Manufacture Co., Ltd.*), a sino-foreign equity joint venture established under the laws of the PRC and is an indirect wholly owned subsidiary of the Company
“Vendor”	Zhong Da International Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	United States dollar, the lawful currency of the United States of America
“%”	per cent.

*For the purpose of this announcement, the exchange rates of RMB1.00 = HK\$1.17 and US\$1.00 = HK\$7.80 have been used for currency translation respectively, where applicable. Such exchange rates are for illustration purposes and do not constitute representations that any amount in RMB, HK\$ or US\$ have been, could have been or may be converted at such rates.*

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

Hong Kong, 31 December 2010

*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 Xinzong as independent non-executive Directors.*