ZHONGDA INTERNATIONAL HOLDINGS LIMITED
(中大國際控股有限公司*)

(Incorporated in Bermuda with limited liability)

(Stock Code: 909)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2007

FINANCIAL HIGHLIGHTS

		2007	2006	Change %
1.	Revenue (RMB'000)	**325,472**	190,736	70.64%
2.	Gross Profit (RMB'000)	**71,163**	60,813	17.02%
3.	Net Profit Margin (%)	**12.45%**	6.76%	+5.69%
4.	Earnings per Share – Basic (RMB cents)	**6.32**	3.83	65.01%
5.	Total Assets (RMB'000)	**681,535**	426,843	
6.	Current Ratio (times)	**1.26x**	0.97x	
7.	Net Gearing Ratio (times)	**0.23x**	0.70x	
8.	EBIT (RMB'000)	**53,586**	22,731	+135.74%

RESULTS

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 (the "Group") for the year ended 31 December 2007 together with the comparative figures for the previous year as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2007

	Notes	**2007**	2006
		RMB'000	*RMB'000*
Turnover	*3*	**325,472**	190,736
Cost of sales		**(254,309)**	(129,923)
Gross profit		**71,163**	60,813
Other revenue		**80,694**	15,202
Selling and distribution expenses		**(19,396)**	(16,716)
Administrative expenses		**(70,561)**	(29,850)
Other operating expenses		**(8,310)**	(6,718)
Share of loss of an associate		**(4)**	–
Finance costs	*5*	**(13,884)**	(9,229)
Profit before taxation	*6*	**39,702**	13,502
Taxation	*7*	**812**	(604)
Profit for the year		**40,514**	12,898
Attributable to:			
Equity holders of the Company		**29,811**	15,317
Minority interests		**10,703**	(2,419)
		40,514	12,898
Dividends	*8*	–	–
		RMB	*RMB*
Earnings per share	*9*		
– Basic		**6.32 cents**	3.83 cents
– Diluted		**6.14 cents**	N/A

CONSOLIDATED BALANCE SHEET

As at 31 December 2007

	Notes	2007	2006
		RMB'000	*RMB'000*
Non-current assets			
Property, plant and equipment		**101,396**	116,270
Prepaid lease payments		**55,629**	58,369
Investment properties		**96,889**	–
Investment in an associate		**–**	–
Prepayment for an investment in an associate		**474**	1,087
Available-for-sale investments		**900**	900
Deferred tax assets		**17,430**	15,620
		272,718	192,246
Current assets			
Inventories		**48,736**	27,812
Amounts due from related companies		**123,948**	26,898
Trade and bills receivables	*10*	**85,255**	91,554
Prepaid lease payments		**1,244**	1,429
Amounts due from customers for contract work		**25,594**	46,511
Held-for-trading investments		**–**	200
Prepayments and other receivables		**34,199**	19,498
Restricted deposit placed in a financial institution		**15,802**	–
Pledged bank deposit		**16,159**	–
Restricted bank balances		**4,161**	3,000
Bank balances and cash		**53,719**	17,695
		408,817	234,597

CONSOLIDATED BALANCE SHEET (CONTINUED)
As at 31 December 2007

	Notes	2007	2006
		RMB'000	*RMB'000*
Current liabilities			
Amount due to customers for contract work		**10,488**	7,073
Trade and bills payables	*11*	**83,228**	23,738
Advance receipt from customers		**38,152**	353
Other payables and accruals		**26,307**	46,691
Amount due to an associate		**4**	–
Amounts due to related companies		**386**	1,048
Amounts due to directors		**5,008**	6,178
Tax payable		**14,412**	14,148
Bank overdrafts		**9,165**	–
Bank and other borrowings – due within one year		**138,000**	142,500
		325,150	241,729
Net current assets/(liabilities)		**83,667**	(7,132)
Total assets less current liabilities		**356,385**	185,114
Non-current liabilities			
Loan from ultimate holding company		**–**	12,000
Bank and other borrowings – due after one year		**20,000**	–
		336,385	173,114
Capital and reserves			
Share capital		**55,125**	42,386
Reserves		**252,252**	114,717
Equity attributable to equity holders of the Company		**307,377**	157,103
Minority interests		**29,008**	16,011
		336,385	173,114

Notes:

1. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, the following new standards, amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), that are effective for accounting periods beginning on or after 1 January 2007.

Hong Kong Accounting Standard ("HKAS") 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC) – Interpretation ("Int") 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK(IFRIC) – Int 8	Scope of HKFRS 2
HK(IFRIC) – Int 9	Reassessment of Embedded Derivatives
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting years have been prepared and presented. Accordingly, no prior year adjustment has been required.

The Group has not early applied the following new and revised standards, amendment and interpretations that have been issued but are not yet effective as at 31 December 2007. The directors of the Company anticipate that the application of these standard, amendment or interpretations will have no material impact on the results and the financial position of the Group.

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[2]
HKFRS 2 (Amendment)	Share-based Payments – Vesting Conditions and Cancellation[1]
HKFRS 3 (Revised)	Business Combinations[2]
HKFRS 8	Operating Segments[1]
HK(IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions[3]
HK(IFRIC) – Int 12	Service Concession Arrangements[4]
HK(IFRIC) – Int 13	Customer Loyalty Programmes[5]
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[4]

[1] Effective for annual periods beginning on or after 1 January 2009.
[2] Effective for annual periods beginning on or after 1 July 2009.
[3] Effective for annual periods beginning on or after 1 March 2007.
[4] Effective for annual periods beginning on or after 1 January 2008.
[5] Effective for annual periods beginning on or after 1 July 2008.

2. BASIS OF PREPARATION

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

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements included applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Hong Kong Companies Ordinance.

3. TURNOVER

Turnover represents the revenue arising on construction contracts and amounts received and receivable for goods sold net of discounts, returns and sales related taxes. An analysis of the Group's turnover for the year is as follows:

	2007	2006
	RMB'000	*RMB'000*
Sale of goods	**315,836**	148,355
Revenue from construction contracts	**9,636**	42,381
	325,472	190,736

4. BUSINESS AND GEOGRAPHICAL SEGMENTS

(a) Business segments

For management purposes, the Group is currently organised into three operating divisions – automobile equipment, buses and automobile spare parts. These divisions are the bases on which the Group reports in its primary segment information.

Principal activities are as follows:

Automobile equipment	–	manufacture and sales of automobile equipment
Bus	–	manufacture and sales of buses
Automobile spare parts	–	trading of automobile spare parts

Segment information about these businesses is presented below.

Consolidated income statement
For the year ended 31 December 2007

	Automobile equipment *RMB'000*	Bus *RMB'000*	Automobile spare parts *RMB'000*	Total *RMB'000*
TURNOVER	**182,661**	**61,118**	**81,693**	**325,472**
RESULTS				
Segment results	**13,761**	**4,020**	**6,522**	**24,303**
Unallocated corporate expenses				**(15,837)**
Unallocated other revenue				**45,124**
Share of loss of an associate				**(4)**
Finance costs				**(13,884)**
Profit before taxation				**39,702**
Taxation				**812**
Profit for the year				**40,514**

Consolidated balance sheet
As at 31 December 2007

	Automobile equipment *RMB'000*	Bus *RMB'000*	Automobile spare parts *RMB'000*	Total *RMB'000*
ASSETS				
Segment assets	**333,088**	**139,571**	**103,914**	**576,573**
Investment in an associate				**–**
Unallocated corporate and other assets				**104,962**
Consolidated total assets				**681,535**
LIABILITIES				
Segment liabilities	**98,355**	**58,565**	**18,316**	**175,236**
Unallocated corporate and other liabilities				**169,914**
Consolidated total liabilities				**345,150**

Consolidated income statement
For the year ended 31 December 2006

	Automobile equipment *RMB'000*	Bus *RMB'000*	Total *RMB'000*
TURNOVER	190,736	–	190,736
RESULTS			
Segment results	30,023	(905)	29,118
Unallocated corporate expenses			(6,387)
Finance costs			(9,229)
Profit before taxation			13,502
Taxation			(604)
Profit for the year			12,898

Consolidated balance sheet
As at 31 December 2006

	Automobile equipment *RMB'000*	Bus *RMB'000*	Total *RMB'000*
ASSETS			
Segment assets	348,285	66,658	414,943
Unallocated corporate and other assets			11,900
Consolidated total assets			426,843
LIABILITIES			
Segment liabilities	91,995	3,040	95,035
Unallocated corporate and other liabilities			158,694
Consolidated total liabilities			253,729

(b) Geographical segments

The Group's activities are conducted predominately in the PRC, Europe and Asia other than the PRC. An analysis of turnover by geographical segment is as follows:

	2007	2006
	RMB'000	*RMB'000*
The PRC	**276,646**	150,956
Europe	**22,756**	16,717
Asia other than the PRC	**5,377**	13,274
Others	**20,693**	9,789
	325,472	190,736

Over 90% of segment assets and additions to property, plant and equipment and construction-in-progress and land use rights of the Group are located in the PRC.

5. FINANCE COSTS

	2007	2006
	RMB'000	*RMB'000*
Interest on bank and other borrowings wholly repayable within five years	**13,884**	9,229

6. PROFIT BEFORE TAXATION

Profit before taxation has been arrived at after charging:

	2007	2006
	RMB'000	*RMB'000*
Amortisation on prepaid lease payments	**1,244**	911
Auditors' remuneration		
– current year	**1,618**	928
– over-provision in previous years	**(358)**	–
Allowance for bad and doubtful debts	**13,122**	3,716
Allowance for amounts due from customers for contract work	**8,625**	1,672
Impairment of prepayment for an investment in an associate	**613**	–
Cost of inventories recognised as an expense (excluding staff costs, depreciation on property, plant and equipment)	**239,161**	122,233
Depreciation on property, plant and equipment	**5,031**	4,213
Loss on disposal of property, plant and equipment	**180**	–
Written off of property, plant and equipment	**92**	–
Staff costs (excluding directors' emoluments)		
– Salaries and wages	**16,548**	12,558
– Retirement benefit scheme contributions	**2,813**	2,323
– Share-based payments	**7,418**	–

7. TAXATION

	2007	2006
	RMB'000	*RMB'000*
The charge comprises:		
PRC Enterprise Income Tax ("EIT")	**770**	–
Hong Kong Profits Tax	**228**	–
	998	–
Deferred tax		
Current year	**(1,336)**	604
Attributable to a change in tax rate	**(474)**	–
	(812)	604

On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the Corporate Income Tax Law of the PRC for unified tax rate arrangements among different types of the PRC entities which results in a reduction of income tax rate from 33% to 25% with effect from 1 January 2008.

Except for two subsidiaries which are subject to EIT at statutory rate of 33%, all other subsidiaries of the Company which are established in the PRC are subject to EIT at a rate of 24%.

Hong Kong Profits Tax is calculated at 17.5% on the estimated assessable profits for the year. No Hong Kong Profits Tax had been provided for the previous year as the Group had no assessable profits in Hong Kong for that year.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

8. DIVIDENDS

No dividend was paid or proposed during 2007, nor has any dividend been proposed since the balance sheet date (2006: Nil).

9. EARNINGS PER SHARE

The calculation of basic earnings per share was based on the Group's profit attributable to equity holders of the Company of approximately RMB29,811,000 (2006: RMB15,317,000) and the weighted average number of 471,527,000 (2006: 400,004,000) ordinary shares in issue during the year.

The profit used in the calculation of diluted earnings per share measures are the same as those for equivalent basic earnings per share measures as outlined above.

The weighted average number of ordinary shares for the purpose of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:–

	2007
	'000
Weighted average number of ordinary shares for the purposes of basic earnings per share	**471,527**
Effect of dilutive potential ordinary shares: share options	**14,054**
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**485,581**

10. TRADE AND BILLS RECEIVABLES

	2007	2006
	RMB'000	*RMB'000*
Trade receivables	**137,451**	112,321
Less: Allowance for bad and doubtful debts	**(54,866)**	(41,744)
	82,585	70,577
Bills receivables	**2,670**	20,977
	85,255	91,554

The Group allows credit period ranging from 30 to 180 days to its trade customers. The following is an aged analysis of trade receivables net of allowance for doubtful debts at the reporting date:

	2007	2006
	RMB'000	*RMB'000*
0-180 days	**56,893**	33,332
181-365 days	**6,083**	2,510
1-2 years	**19,494**	34,735
Over 2 years	**115**	–
Total	**82,585**	70,577

11. TRADE AND BILLS PAYABLES

An ageing analysis of trade payables is as follows:

	2007	2006
	RMB'000	*RMB'000*
Within six months	**50,509**	6,277
Over six months but less than one year	**6,971**	5,159
Between one and two years	**1,815**	5,816
Between two and three years	**2,717**	3,486
More than three years	**1,253**	–
	63,265	20,738
Bills payable	**19,963**	3,000
	83,228	23,738

The average credit period on purchases of goods ranging from 1 to 6 months.

12. COMPARATIVE FIGURES

Certain comparative figures have been reclassified in conformity to the presentation of the consolidated financial statements for the year.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

Financial Review

Revenue

The Group's turnover recorded a substantial growth by 70.6% to approximately RMB325 million in 2007. It was attributable to (i) the consolidation of the financial results of Nanjing Zhongda Jinling Double-Decker Bus Manufacture Co., Ltd. ("Jinling") commencing April 2007, and (ii) the contribution from Yancheng Zhongda Automobiles Equipment Co. Ltd. ("AE"), the new subsidiary of the Group which engaged in the trading of automobile spare parts.

Gross Margin

The gross profit margin of the year declined from 31.9% to 21.9% as a result of (i) the dilution effect among a product mix of different nature of businesses (i.e. the automobile maintenance equipment business, commercial vehicles manufacturing business and auto parts trading business respectively) with different gross profit margin, (ii) the upsurge of steel price, and (iii) the adoption of a new revenue recognition method for the industrial surface treatment engineering equipment business of the Group.

Net Profit

Net profit showed a 3.14x growth up to approximately RMB41 million while the net profit margin surged from 6.76% to 12.45% during the year 2007.

Liquidity

Liquidity as measured by current ratio ("CA") is regarded as adequate as CA improved to 1.26x in the year 2007 from 0.97x in the year 2006. There were approximately 22% of the current assets were cash and bank deposit which was considered as healthy.

Leverage

Net gearing ratio (as defined "Total bank debts – Cash available/Total Net Worth") improved to 0.23x in the year 2007 from 0.70x in the year 2006. The Group has been taking step to retain its leverage at healthy level.

As at 31 December 2007, cash and bank balances of the Group amounted to approximately RMB89,841,000 (2006: RMB20,695,000). Cash is mainly denominated in Renminbi. Long and short term bank loans amounted to approximately RMB20,000,000 and RMB147,165,000 respectively (2006: Nil and RMB142,500,000 respectively), representing an increase of approximately RMB20,000,000 and RMB4,665,000 from last year respectively.

The interest rates of bank borrowings ranged between 6.90% and 8.75% per annum (2006: between 5.36% and 7.96%). 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 2007, the net asset value of the Group amounted to approximately RMB336,385,000 (2006: RMB173,114,000), representing an increase of approximately 94.3% from last year. Net current assets amounted to approximately RMB83,667,000 (2006: RMB(7,132,000)), an increase of approximately RMB90,799,000 from last year.

As at 31 December 2007, the Group had no contingent liabilities (2006: RMB1,122,500).

Operational Review and Prospect

Automobile Maintenance Equipment Business

During the year under review, the sales revenue of our major product, spray booth, recorded a double-digit growth notwithstanding the decrease in the gross margin due to the continuing increase in steel and raw material price. The overall segment turnover slightly dropped by 4% due to the adoption of a new prudent revenue recognition method for our industrial surface treatment engineering equipment business. In future, the Group will continue to invest in product research and development to maintain our competitiveness.

Trading of automobile spare parts

During the year 2007, AE was established to centralize the procurement for both the Group and the Zhongda Industrial Group's ("ZIG") requirements in regard to raw materials, auto parts and components that are sourced from independent third parties with a turnover of approximately RMB82 million through the negotiation of discounts on a bulk purchase basis and to reduce the purchase cost per unit. Going forward, AE plans to upgrade its trading platform to cater for our overseas affiliates (such as Vietnam JV) and those companies outside the Group and ZIG at a later stage.

Double-Deckers manufacturing – Jinling

Upon the completion of the acquisition of Jinling in early 2007, the financial contribution by Jinling to the Group started in April 2007. With the completion of a new production plant by the fourth quarter of 2007, the annual production capacity of Jinling has been substantially increased from 800 units to 3,000 units. We are optimistic that the market share for double-decker buses in the PRC shall be strengthened as a result of the strong demand in the public transportation. Augmented by its additional capacity, further expansions to the overseas market are the next steps by Jinling to cope with the policy issued by the PRC Government in promotion of export sales of automobiles.

Vietnam Joint Venture ("JV")

Although the establishment of the plant for chassis manufacturing and special purpose vehicle of the JV is still undergoing, we have been benefited by the close business relationship with our counterparty, Vinamotor. During the fourth quarter of 2007, we have initially shipped 70 unit of complete knock-down ("CKD") of commercial vehicles to satisfy the need in Vietnam during this period. As disclosed, we are invited to sell more CKD and engage in other vehicle manufacturing business in this year. Inevitably, it will enhance our revenue stream.

Co-operation with ZIG

As disclosed in our circular dated 21 April 2008, the Group will work closely with ZIG to explore the potential overseas commercial vehicles markets in order to obtain the synergy between two groups in the coming year. Therefore, it is expected our revenue will be enlarged upon this arrangement.

EMPLOYEE REMUNERATION POLICIES

As at 31 December 2007, the Group employed a total of 1,300 (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 year ended 31 December 2007.

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 of Hong Kong Limited (the "Listing Rules") during the year ended 31 December 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 year ended 31 December 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 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 2007 in conjunction with the Company's external auditors. The audit committee has three members comprising all the independent non–executive directors 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 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, 21 April 2008

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*