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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 14 August 2008, Yancheng Zhongda Industrial Equipment as landlord and Zhongwei Bus as tenant has entered into the Tenancy Agreement in respect of the Land and Buildings. The Tenancy Agreement constitutes a continuing connected transaction of the Company under Rule 14A.14 of the Listing Rules.

Given the nature and parties of the Tenancy Agreement and the 2007 Tenancy Agreement are the same, the annual caps of the transactions contemplated thereunder shall be aggregated for the purpose of Rule 14A.27 of the Listing Rules. As the annual rental charge under the Tenancy Agreement does not exceed HK\$10,000,000, and the applicable percentage ratios under the Aggregate Annual Cap are less than 25% and the total consideration is less than HK\$10,000,000, 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 announces that Yancheng Zhongda Industrial Equipment as landlord and Zhongwei Bus as tenant has entered into the Tenancy Agreement in respect of the Land and Buildings as detailed below:-

THE TENANCY AGREEMENT

The principal terms of the Tenancy Agreement are as follows:

1. Date: 14 August 2008

2. Parties:
 - Landlord Yancheng Zhongda Industrial Equipment, an indirect 96% owned subsidiary of the Company
 - Tenant Zhongwei Bus, a connected person of the Company as defined under the Listing Rules
3. Land and buildings: A site of land of approximately 74,000 sq. m. located at No.6, Xindu Village (新墩村六組), Yancheng City, Jiangsu Province, the PRC (“**No.6 Land**”) and the erection thereon (together, the “**Land and Buildings**”)
4. Term: For the period from 1 May 2008 to 31 December 2009
5. Rental: RMB5,000,000 per annum and payable monthly in cash

THE LAND AND BUILDINGS

The existing vehicle manufacturing plant of Zhongwei Bus is located on No.7, Xindu Village (新墩村七組) (the “**No.7 Land**”) which was leased by a subsidiary of the Company to Zhongwei Bus under the 2007 Tenancy Agreement. Details of the 2007 Tenancy Agreement are disclosed in the 2007 Announcement.

Zhongwei Bus is going to expand its production capacity for its growing bus and coach business. The additional production plant of Zhongwei Bus is located at No.6 Land under the Tenancy Agreement, which is adjacent to No.7 Land. It is logistically advantageous for Zhongwei Bus to extend its production lines.

Based on the audited financial statements of Yancheng Zhongda Industrial Equipment for the year ended 31 December 2007, the carrying value of the No. 6 Land as at 31 December 2007 was approximately RMB36,410,000 and the construction-in-progress of the buildings was approximately RMB6,500,000. The No. 6 Land had been vacant for the past two years ended 31 December 2006 and 2007 respectively. The construction of the buildings was completed by May 2008.

ANNUAL CAP

Based on the annual rental of RMB5,000,000 under the Tenancy Agreement, the annual cap shall be approximately RMB3,000,000 for the year ending 31 December 2008 and RMB5,000,000 for the year ending 31 December 2009 respectively.

The annual cap under the 2007 Tenancy Agreement are approximately RMB3,000,000 for the year ending 31 December 2008 and 2009 respectively.

The Aggregate Annual Cap for the transactions contemplated under the Tenancy Agreement and the 2007 Tenancy Agreement for the purpose of Rule 14A.27 of the Listing Rules shall be approximately RMB6,000,000 for the year ending 31 December 2008 and approximately RMB8,000,000 for the year ending 31 December 2009 respectively.

REASONS FOR THE TRANSACTION

As disclosed in the 2007 Announcement, No.7 Land has been leased by the Group to Zhongwei Bus for the existing production plant of Zhongwei Bus since 2004. Zhongwei Bus is currently in need to expand its production capacity for its growing business and therefore the leasing of the Land and Buildings adjacent to its existing production plant is both beneficial and convenient to Zhongwei Bus.

The Company considers that entering into the Tenancy Agreement will provide an extra rental income to the Group. The Directors consider that the entering into the Tenancy Agreement is of commercial benefits to the Company and the Group as a whole.

The terms of the Tenancy Agreement including the rentals 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 nature and parties of the Tenancy Agreement and the 2007 Tenancy Agreement are the same, the annual caps of the transactions contemplated thereunder shall be aggregated for the purpose of Rule 14A.27 of the Listing Rules. As the annual rental charge under the Tenancy Agreement does not exceed HK\$10,000,000, and the applicable percentage ratios under the Aggregate Annual Cap are less than 25% and the total consideration is less than 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.

Yancheng Zhongda Industrial Equipment is principally engaged in the business of manufacturing and sales of automobile 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:

“2007 Announcement”	the announcement of the Company dated 27 August 2007 regarding the 2007 Tenancy Agreement
“2007 Tenancy Agreement”	the tenancy agreement dated 23 August 2007 made between Zhongda Automobile Machinery Manufacture Co., Ltd. (中大汽車機械製造有限公司), a subsidiary of the Company, and Zhongwei Bus for the leasing of a land
“Aggregate Annual Cap”	the aggregate annual cap for the transactions contemplated under the Tenancy Agreement and the 2007 Tenancy Agreement
“Board”	the board of Directors
“Company”	Zhongda International Holdings Limited, an exempted company incorporated in Bermuda with limited liability and whose shares are listed on the Stock Exchange
“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 14 August 2008 entered into between Yancheng Zhongda Industrial Equipment and Zhongwei Bus for the leasing of the Land and Buildings
“Yancheng Zhongda Industrial Equipment”	鹽城中大工業裝備製造有限公司(Yancheng Zhongda Industrial Equipment Manufacture Co., Ltd.*), a company established under the laws of the PRC and is an indirect 96% 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, 14 August 2008

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 Xinzhong as independent non-executive directors of the Company respectively.

* For identification purpose only