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 2010

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 2010 together with the comparative figures for the previous year as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2010

	Notes	**2010** *RMB'000*	2009 *RMB'000*
Revenue	*3*	**460,442**	455,026
Cost of sales		**(388,603)**	(378,899)
Gross profit		**71,839**	76,127
Other revenue	*5*	**12,455**	13,496
Selling and distribution expenses		**(19,153)**	(22,099)
Administrative expenses		**(59,822)**	(54,187)
Impairment loss on trade receivables		**–**	(24,254)
Reversal of impairment loss on trade receivables		**10,943**	–
Impairment loss on other receivables		**(1,455)**	(9,903)
Impairment loss on amount due from a related company		**–**	(7,678)
Gain on disposal of a subsidiary		**26,308**	–
Recognition of equity-settled share-based payments		**(4,296)**	(11,083)
Changes in fair value of investment properties		**12,549**	(19,370)
Other operating expenses		**(4,573)**	(4,003)
Share of profit (loss) of associates		**1,428**	(381)
Finance costs	*6*	**(27,163)**	(20,929)
Profit (loss) before tax		**19,060**	(84,264)
Income tax expense	*7*	**(7,440)**	(29,469)
Profit (loss) for the year	*8*	**11,620**	(113,733)
Profit (loss) for the year attributable to:			
Owners of the Company		**19,189**	(91,790)
Non-controlling interests		**(7,569)**	(21,943)
		11,620	(113,733)
Earnings (loss) per share	*10*		
– Basic (RMB cents per share)		**1.83**	(12.15)
– Diluted (RMB cents per share)		**1.81**	(12.15)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2010

	2010	2009
	RMB'000	*RMB'000*
Profit (loss) for the year	**11,620**	(113,733)
Other comprehensive expense		
Gain on revaluation of properties	**3,635**	–
Exchange differences arising on translation	**(7,508)**	(4,296)
Income tax relating to components of other comprehensive income	**(909)**	–
	(4,782)	(4,296)
Total comprehensive income (expense) for the year	**6,838**	(118,029)
Total comprehensive income (expense) attributable to:		
Owners of the Company	**14,053**	(96,086)
Non-controlling interests	**(7,215)**	(21,943)
	6,838	(118,029)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2010

	Notes	2010	2009
		RMB'000	RMB'000
Non-current assets			
Property, plant and equipment		**56,460**	100,194
Prepaid lease payments		**6,755**	41,544
Investment properties		**123,016**	103,816
Interests in associates		**19,507**	18,079
Prepayment for investments		**78,894**	–
Available-for-sale investments		**–**	900
		284,632	264,533
Current assets			
Prepaid lease payments		**184**	970
Inventories		**30,128**	25,166
Amounts due from related companies		**62,743**	115,139
Amounts due from associates		**101,480**	287,483
Trade and bills receivables	11	**52,575**	77,901
Amounts due from customers for contract work		**44,293**	53,216
Held for trading investments		**4,964**	–
Prepayments and other receivables		**49,514**	41,362
Restricted deposit placed in a financial institution		**6,000**	–
Deposits placed in financial institutions		**15,023**	–
Restricted bank balances		**80,066**	115,628
Pledged bank deposit		**9,729**	9,994
Bank balances and cash		**225,746**	85,856
		682,445	812,715
Current liabilities			
Amounts due to customers for contract work		**38,861**	43,965
Trade and bills payables	12	**267,817**	308,266
Advance receipts from customers		**5,706**	4,417
Other payables and accruals		**48,222**	46,475
Amount due to an associate		**4,661**	–
Amounts due to related companies		**3,766**	4,453
Amounts due to directors		**7,178**	5,485
Tax payable		**33,049**	30,183
Bank overdrafts		**–**	6,257
Bank and other borrowings		**145,361**	210,876
		554,621	660,377
Net current assets		**127,824**	152,338
Total assets less current liabilities		**412,456**	416,871

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (cont'd)
At 31 December 2010

	2010	2009
	RMB'000	*RMB'000*
Capital and reserves		
Share capital	**100,784**	99,166
Reserves	**303,781**	274,252
Equity attributable to owners of the Company	**404,565**	373,418
Non-controlling interests	**2,242**	1,027
Total equity	**406,807**	374,445
Non-current liabilities		
Bank and other borrowings	**–**	37,095
Deferred tax liabilities	**5,649**	5,331
	5,649	42,426
	412,456	416,871

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 and interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to Hong Kong Financial Reporting Standards 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
Hong Kong Accounting Standard ("HKAS") 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 (Revised)	First-time Adoption of HKFRSs
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC) – Interpretation ("Int") 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners

HKFRS 3 (Revised) Business Combinations and HKAS 27 (Revised) Consolidated and Separate Financial Statements

The Group applies HKFRS 3 (Revised) Business Combinations prospectively to business combinations for which the acquisition date is on or after 1 January 2010. The requirements in HKAS 27 (Revised) Consolidated and Separate Financial Statements in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1 January 2010.

The application of HKAS 27 (Revised 2008) has resulted in changes in the Group's accounting policies regarding increases or decreases in ownership interests in subsidiaries of the Group. In prior years, in the absence of specific requirements in HKFRSs, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised where appropriate. The impact of decreases in interests in subsidiaries that did not involve loss of control (being the difference between the consideration received and the carrying amount of the share of net assets disposed of) was recognised in profit or loss. Under HKAS 27 (Revised 2008), all increases or decreases in such interests are dealt with in equity, with no impact on goodwill or profit or loss.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the revised standard requires that the Group derecognises all assets, liabilities and non-controlling interests at their carrying amount. Any retained interest in the former subsidiary is recognised at its fair value at the date the control is lost. A gain or loss on loss of control is recognised in profit or loss as the difference between the proceeds, if any, and these adjustments.

For the loss incurred by loss making subsidiary companies, the Group is required by the revised standard to account for the losses attributable to its non-controlling interests even if that results in a deficit balance for the non-controlling interests in the Group's accounts. At 31 December 2010, total comprehensive expenses attributable to the non-controlling interests of approximately RMB7,215,000 (2009: RMB21,943,000) have been recognised in consolidated statement of comprehensive income.

Results of the Group in future periods may be affected by future transactions for which HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to the other HKFRSs are applicable.

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

Amendment to HKAS 17 Leases

As part of Improvements to HKFRSs issued in 2009, HKAS 17 Leases has been amended in relation to the classification of leasehold land. Before the amendment to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid lease payments in the consolidated statement of financial position. The amendment to HKAS 17 has removed such a requirement. The amendment requires that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee.

In accordance with the transitional provisions set out in the amendment to HKAS 17, the Group reassessed the classification of unexpired leasehold land as at 1 January 2010 based on information that existed at the inception of the leases. The application of amendment to HKAS 17 had no material effect on the consolidated financial statements.

HK(IFRIC) – Int 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

HK(IFRIC) – Int 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause clarifies that term loans that include a clause that gives the lender the unconditional right to call the loans at any time ('repayment on demand clause') should be classified by the borrower as current liabilities. The Group has applied HK(IFRIC) – Int 5 for the first time in the current year. HK(IFRIC) – Int 5 requires retrospective application.

In order to comply with the requirements set out in HK(IFRIC) – Int 5, the Group has changed its accounting policy on classification of term loans with a repayment on demand clause. In the past, the classification of such term loans were determined based on the agreed scheduled repayment dates set out in the loan agreements. Under HK(IFRIC) – Int 5, term loans with a repayment on demand clause are classified as current liabilities.

As at 31 December 2009, no bank loans have been reclassified from non-current liabilities to current liabilities. As at 31 December 2010, no bank loans (that are repayable more than one year after the end of the reporting period but contain a repayment on demand clause) have been classified as current liabilities. The application of HK(IFRIC) – Int 5 has had no impact on the reported profit or loss for the current and prior years.

Such term loans have been presented in the earliest time band in the maturity analysis for financial liabilities that reflects the remaining contractual maturities.

The application of other new and revised HKFRS had no effect on the consolidated financial statements of the Group for the current or prior accounting periods.

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

New and revised Standards and Interpretations issued but not yet effective

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

HKFRSs (Amendments)	Improvements to HKFRSs 2010 except for the amendments to HKFRS 3 (Revised in 2008), HKFRS 7, HKAS 1 and HKAS 28[1]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[3]
HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[5]
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[5]
HKFRS 9	Financial Instruments[7]
HKFRS 12 (Amendment)	Deferred Tax: Recovery of Underlying Assets[6]
HKAS 24 (Revised)	Related Party Disclosures[4]
HKAS 32 (Amendment)	Classification of Rights Issues[2]
HK(IFRIC) – Int 14 (Amendment)	Prepayment of a Minimum Funding Requirement[4]
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[3]

1 Effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate.
2 Effective for annual periods beginning on or after 1 February 2010.
3 Effective for annual periods beginning on or after 1 July 2010.
4 Effective for annual periods beginning on or after 1 January 2011.
5 Effective for annual periods beginning on or after 1 July 2011.
6 Effective for annual periods beginning on or after 1 January 2012.
7 Effective for annual periods beginning on or after 1 January 2013.

HKFRS 9 Financial Instruments issued in November 2009 and amended in October 2010 introduces new requirements for the classification and measurement of financial assets and financial liabilities and for derecognition.

HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was recognised in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

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

The directors of the Company anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new standard will have a significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

The amendments to HKFRS 7 Disclosures Transfers of Financial Assets increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

The directors of the Company do not anticipate that these amendments to HKFRS 7 will have a significant effect on the Group's disclosures. However, if the Group enters into other types of transfers of financial assets in the future, disclosures regarding those transfers may be affected.

The amendments to HKAS 12 Deferred Tax: Recovery of Underlying Assets mainly deal with the measurement of deferred tax for investment properties that are measured using the fair value model in accordance with HKAS 40 Investment Property. Based on the amendments, for the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties measured using the fair value model the carrying amounts of the investment properties are presumed to be recovered through sale, unless the presumption is rebutted in certain circumstances. The directors of the Company anticipate that the application of the amendments to HKAS 12 may have a significant impact on deferred tax recognised for investment properties that are measured using the fair value model. The directors of the Company anticipate that the application of the amendments to HKAS 12 will not have a significant impact on deferred tax recognised for investment properties that are measured using the fair value model.

HKAS 24 Related Party Disclosures (Revised) modifies the definition of a related party and simplifies disclosures for government-related entities.

The disclosure exemptions introduced in HKAS 24 (Revised) do not affect the Group because the Group is not a government-related entity. However, disclosures regarding related party transactions and balances in these consolidated financial statements may be affected when the revised version of the standard is applied in future accounting periods because that did not previously meet the definition of a related party may come within the scope of the Standard.

The amendments to HKAS 32 Classification of Rights Issues address the classification of certain rights issues denominated in a foreign currency as either an equity instrument or as a financial liability. To date, the Group has not entered into any arrangements that would fall within the scope of the amendments. However, if the Group does enter into any rights issues within the scope of the amendments in future accounting periods, the amendments to HKAS 32 will have an impact on the classification of those rights issues.

The amendments to HK(IFRIC) – Int 14 (Amendment) Prepayment of a Minimum Funding Requirement require entities to recognise as an economic benefit any prepayment of minimum funding requirement contributions. As the Group has no defined benefit scheme, the amendments are unlikely to have any financial impact on the Group.

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

HK(IFRIC) – Int 19 Extinguishing Financial Liabilities with Equity Instruments provides guidance regarding the accounting for the extinguishment of a financial liability by the issue of equity instruments. To date, the Group has not entered into transactions of this nature. However, if the Group does enter into any such transactions in the future, HK(IFRIC) – Int 19 will affect the required accounting. In particular, under HK(IFRIC) – Int 19, equity instruments issued under such arrangements will be measured at their fair value, and any difference between the carrying amount of the financial liability extinguished and the fair value of equity instruments issued will be recognised in profit or loss.

The directors of the Company anticipate that the application of other new and revise standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

2. **BASIS OF PREPARATION**

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 and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for investment properties and financial instruments, which are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

3. **REVENUE**

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

	2010	2009
	RMB'000	*RMB'000*
Sales of goods	**428,629**	372,436
Revenue from construction contracts	**18,460**	65,400
Commission income	**4,770**	9,190
Gross rental income from investment properties *(Note)*	**8,583**	8,000
	460,442	455,026

Note: Direct operating expenses from investment properties included in cost of sales that generated rental income during the year ended 31 December 2010 was approximately RMB475,000 (2009: RMB462,000).

4. SEGMENT INFORMATION

Information reported to the board of directors of the Company, being the chief operating decision makers, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

The Group's reportable segments under HKFRS 8 are 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

Segment revenue and results

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

For the year ended 31 December 2010

	Automobile equipment *RMB'000*	**Buses** *RMB'000*	**Automobile spare parts** *RMB'000*	**Property investment** *RMB'000*	**Total** *RMB'000*
External Sales	**186,351**	**68,917**	**196,591**	**8,583**	**460,442**
Inter-segment sales	**–**	**–**	**112,644**	**–**	**112,644**
Segment revenue	**186,351**	**68,917**	**309,235**	**8,583**	**573,086**
Eliminations					**(112,644)**
Group revenue					**460,442**
Segment profit (loss)	**11,214**	**(5,604)**	**21,933**	**20,103**	**47,646**
Unallocated corporate expenses					**(33,154)**
Unallocated other revenue					**3,995**
Share of profit of associates					**1,428**
Gain on disposal of a subsidiary					**26,308**
Finance costs					**(27,163)**
Profit before tax					**19,060**

4. SEGMENT INFORMATION (cont'd)

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*
External sales	197,060	120,722	129,244	8,000	455,026
Inter-segment sales	–	–	83,013	–	83,013
Segment revenue	197,060	120,722	212,257	8,000	538,039
Eliminations					(83,013)
Group revenue					455,026
Segment profit (loss)	(32,369)	451	6,419	(11,281)	(36,780)
Unallocated corporate expenses					(28,620)
Unallocated other revenue					2,446
Share of loss of associates					(381)
Finance costs					(20,929)
Loss before tax					(84,264)

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, share of profit (loss) of associates, gain on disposal of trading investments, change in fair value of held for trading investments, 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.

Inter-segment sales are charged at prevailing market rates.

4. SEGMENT INFORMATION (cont'd)

Geographical information

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

	Revenue from external customers		Non-current assets *(Note)*	
	2010	2009	**2010**	2009
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
The PRC (country of domicile)	**437,650**	437,353	**155,415**	219,772
Europe	**9,548**	4,963	**–**	–
Asia other than the PRC	**5,733**	4,074	**30,816**	25,782
Others	**7,511**	8,636	**–**	–
	460,442	455,026	**186,231**	245,554

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

5. OTHER REVENUE

	2010	2009
	RMB'000	*RMB'000*
Sales of raw materials	**5,064**	4,185
Interest income	**3,078**	2,420
Waiver of trade payables	**29**	5,022
Waiver of other payables and accruals	**1,165**	462
Government grants *(Note)*	**640**	–
Gain on disposal of held-for-trading investments	**166**	26
Increase in fair value for held-for-trading investments	**111**	–
Gain on disposal of property, plant and equipment	**748**	333
Others	**1,454**	1,048
	12,455	13,496

Note: Pursuant to the notices issued by the relevant government authorities, a PRC subsidiary of the Company was entitled to enjoy subsidies on interest paid from bank borrowing for business development.

6. FINANCE COSTS

	2010	2009
	RMB'000	*RMB'000*
Interest on bank overdrafts, bank and other borrowings wholly repayable within five years	**15,639**	11,683
Interest on discounted bills	**11,524**	6,216
Effective interest expense on convertible bond	**–**	256
Total interest	**27,163**	18,155
Loss on early redemption of convertible bond	**–**	5
Debt extinguishment loss	**–**	2,769
	27,163	20,929

7. INCOME TAX EXPENSE

	2010	2009
	RMB'000	*RMB'000*
Current tax:		
– PRC Enterprise Income Tax ("EIT")	**4,341**	3,678
Deferred taxation:		
– Current year	**3,099**	25,791
	7,440	29,469

No provision for Hong Kong Profits Tax has been made for the two year ended 31 December 2010 and 2009 as the Group does not have any assessable profits subject to Hong Kong Profit Tax for the period.

Under the Law of the EIT and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

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

8. PROFIT (LOSS) FOR THE YEAR

Profit (loss) for the year has been arrived at after charging (crediting):

	2010 *RMB'000*	2009 *RMB'000*
Amortisation on prepaid lease payments	**970**	970
Auditors' remuneration	**1,726**	1,742
Impairment loss (reversal of impairment loss) on inventories (included in cost of sales)	**1,670**	(747)
Net foreign exchange losses (gain)	**658**	(162)
Impairment loss on prepayments for investments in associates (included in administrative expenses)	**–**	438
Cost of inventories recognised as an expense	**377,240**	361,433
Depreciation on property, plant and equipment	**8,087**	7,460
Equity-settled share-based payments to consultants	**–**	8,526
Staff costs (excluding directors' emoluments)		
– Salaries and wages	**23,924**	20,320
– Retirement benefits scheme contributions	**3,098**	2,422
– Equity-settled share-based payments	**–**	2,131
Total staff costs	**27,022**	24,873
Minimum lease payments under operating lease charges	**1,074**	1,281

9. DIVIDENDS

No dividend was paid or proposed during 2010, nor has any dividend been proposed since the end of the reporting period (2009: Nil).

10. EARNINGS (LOSS) PER SHARE

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

Earnings (loss)	2010 *RMB'000*	2009 *RMB'000*
Profit (loss) for the year attributable to owners of the Company for the purposes of basic and diluted earnings (loss) per share	**19,189**	(91,790)

Number of shares	2010 *'000*	2009 *'000*
Weighted average number of ordinary shares for the purposes of basic earnings (loss) per share	**1,047,421**	755,308
Effect of dilutive potential ordinary share for share options	**9,871**	–
Weighted average number of ordinary shares for the purposes of diluted earnings (loss) per share	**1,057,292**	755,308

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 the exercise of share options would result in reduction in loss per share.

11. TRADE AND BILLS RECEIVABLES

	2010	2009
	RMB'000	*RMB'000*
Trade receivables	**136,092**	172,061
Less: Impairment loss recognised	**(83,517)**	(94,460)
	52,575	77,601
Bill receivables	**–**	300
	52,575	77,901

The Group allows credit period ranging from 30 to 180 days (2009: 30 to 365 days) to its trade customers. Due to the financial turmoil, the Group had offered a longer credit period of 30 to 365 days to its trade customers in 2009. As the economy had recovered in 2010, the credit period had changed back to 30 to 180 days as in 2008. The following is an aged analysis of trade receivables net of impairment loss on trade receivables presented base on the invoice date at the end of the reporting period.

	2010	2009
	RMB'000	*RMB'000*
0 to 180 days	**40,816**	49,148
181 to 365 days	**11,759**	28,453
Total	**52,575**	77,601

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.

	2010	2009
	RMB'000	*RMB'000*
0 to 180 days	**89,881**	105,764
181 to 365 days	**11,591**	10,264
1 to 2 years	**8,997**	12,446
Over 2 years	**8,030**	11,424
	118,499	139,898
Bills payables	**149,318**	168,368
	267,817	308,266

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.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

Revenue

During the year under review, the auto industry of the PRC still maintains its growth momentum. Domestic sales of automobile have increased by 32.4% over last year. Consequently, the domestic demand for automobile repair and maintenance equipment has increased as well. On the other hand, the pace of global economic recovery was still slow. As a result, export sales of automobile equipment and bus was still sluggish. Hence, the Group has recorded a turnover of RMB460.4 million which slightly increased 1.2% as compared to last year.

Automobile Repair and Maintenance Equipment

During the year, export sales of the Group comprising mainly automobile spray booths and car lifters were approximately RMB24.1 million, representing an increase of 15.7% when compared with previous year. However, domestic sales recorded a record high growth of approximately 44.5% as compared to last year. While it is expected that the global economy would still be volatile and export sales would not be recovered in the short period of time, we would continue to developing new products to retain our competitiveness.

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. The turnover of this segment was approximately RMB196.6 million which increased by 52.1% when compared with last year. It was mainly due to an increase in domestic sales of Bus Rapid System (“BRT”) by Zhongwei Bus. Moving forward, we are still 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 RMB64.1 million, accounting for approximately 13.9% of the Group’s total revenue. While we continue to develop and explore the market for double-decker, we have invited new investors and strategic partners to participate the venture and our interest has been diluted accordingly. Zhongda Jinling would be an associated company of the Group afterwards.

Zhongwei Bus

Zhongwei Bus is our associated company which is specialized in manufacturing long-haul coaches. Its products have been sold to over 40 countries around the world. During the year, export sales was still weak but the company has successfully launched a Bus Rapid System ("BRT") system in Yancheng City of Jiangsu Province. As a result, it contributed a profit of approximately RMB1.0 million to the Group.

Overseas Project

During the year, we have successfully established a joint venture in South Africa with South Africa National Taxi Council ("SANTACO"). We would be bulk selling tailor-made minibus and coaches to the country. At the same time, we were forming another joint venture with SANTACO to build and operate the first nationwide electronic fare management system in the country as well. These two projects are expected to provide the Group with a new source of income.

New Energy Project

We are acquiring Nanjing Zhongda Qingshan Electric Vehicle Company Limited ("Zhongda Qingshan"). The company is specialized in producing power battery, motor and control system of electric vehicle. The acquisition conforms to the comprehensive implementation of new energy automobile industry in the PRC. We believe the company would have considerable growth potential.

Liquidity and Financial Resources

Gross Margin

The gross margin for the year has dropped slightly by 1.1%. The increase in production cost especially labor and raw materials during the past few years has exerted continuous pressure on the margin. However, the Group has tightened its control over its manufacturing process to counteract the adverse effect. As a result, the gross profit margin of the year has decreased from 16.7% to 15.6% when compared with last year.

Net Profit

The Group recorded a net profit after tax of approximately RMB11.62 million when compared with a net loss of approximately RMB113.7 million last year. Basic earnings per share for the year was RMB1.83 cents.

Liquidity

Liquidity as measured by current ratio (defined as "Current Assets/Current Liabilities") with a ratio of 1.2x during the year was considered as acceptable. Regarding the current assets, approximately 49.3% 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 Nil in the year from 0.11x as at 31 December 2009. The Group will take effort to retain its leverage at a satisfactory level.

As at 31 December 2010, cash and bank balances of the Group amounted to approximately RMB336,564,000 (31 December 2009: RMB211,478,000). Cash is mainly denominated in Renminbi. Long term loan was amounted to Nil (31 December 2009: RMB37,095,000) and the short term bank loans was amounted to approximately RMB145,361,000 (31 December 2009: RMB217,133,000) which representing a decrease of approximately RMB71,772,000.

The interest rates of bank borrowings ranged between 2.03% and 7.00% per annum (31 December 2009: between 1.30% and 9.47%). 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 2010, the net asset value of the Group amounted to approximately RMB406,807,000 (31 December 2009: RMB374,445,000), representing an increase of approximately 8.6%. Net current assets amounted to approximately RMB127,824,000 (31 December 2009: RMB152,338,000), a decrease of approximately RMB24,514,000 from last year.

Prospect

Looking forward, with the start of the "Twelfth Five-Year Plan", we expect the PRC would further consolidate and boost its recovery from the global economic crisis. We will continue to strengthen our core business segments that increase its future earnings. On the other hand, we will continue to seek potential investment opportunities that could create high value for our shareholders and enhance the return of their investments.

EMPLOYEE REMUNERATION POLICIES

As at 31 December 2010, the Group employed a total of 1,300 (2009: 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

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 end 31 December 2010.

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 2010.

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 2010.

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 2010 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, 31 March 2011

As at the date hereof, the Board comprises Messrs. Xu Lian Guo, Xu Lian Kuan, Zhang Yuqing and Kwok Ming Fai as executive directors; Mr. Leung Kwok Chun as non-executive director; and Messrs. Gu Yao Tian, Sun Ka Ziang Henry and Li Xinzhong as independent non-executive directors of the Company.

** For identification purposes only*