ZHONGDA INTERNATIONAL HOLDINGS LIMITED

（中大國際控股有限公司*）

(Incorporated in Bermuda with limited liability)

(Stock Code: 00909)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2010

The board of directors (the "Board") of Zhongda International Holdings Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2010 together with the comparative figures for the corresponding period of 2009.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2010

		For the six months ended 30 June	
	Notes	**2010**	2009
		RMB'000	*RMB'000*
		(Unaudited)	(Unaudited)
Turnover	*4*	**252,847**	130,052
Cost of sales		**(209,589)**	(112,683)
Gross profit		**43,258**	17,369
Other revenue		**4,228**	4,062
Change in fair value of investment properties		**(539)**	(1,101)
Selling and distribution expenses		**(10,851)**	(8,131)
Administrative expenses		**(32,035)**	(23,846)
Finance costs		**(11,446)**	(7,974)
Share of loss of associates		**(1,460)**	(954)
Loss before tax		**(8,845)**	(20,575)
Income tax (expense) credit	*7*	**(2,056)**	275
Loss for the period		**(10,901)**	(20,300)
Loss for the period attributable to:			
Owners of the Company		**(5,972)**	(16,479)
Non-controlling interests		**(4,929)**	(3,821)
		(10,901)	(20,300)
		RMB	RMB
Loss per share	*9*		
– Basic and diluted (cents per share)		**(0.53 cents)**	(3.10 cents)

* *For identification purposes only*

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2010

	For the six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss for the period	**(10,901)**	(20,300)
Other comprehensive expenses		
Exchange differences arising on translation	**(496)**	(199)
Total comprehensive expenses for the period	**(11,397)**	(20,499)
Total comprehensive expenses attributable to:		
Owners of the Company	**(6,468)**	(16,678)
Non-controlling interests	**(4,929)**	(3,821)
	(11,397)	(20,499)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2010

	Notes	30 June 2010 RMB'000 (Unaudited)	31 December 2009 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment		**96,871**	100,194
Prepaid lease payments		**41,059**	41,544
Investment properties		**103,226**	103,816
Interests in associates		**16,619**	18,079
Available-for-sale investments		**900**	900
		258,675	264,533
Current assets			
Prepaid lease payments		**970**	970
Inventories		**38,886**	25,166
Amounts due from related companies		**73,147**	115,139
Amounts due from associates		**229,934**	287,483
Trade and bills receivables	*10*	**84,442**	77,901
Amounts due from customers for contract work		**46,515**	53,216
Prepayments and other receivables		**83,355**	41,362
Pledged bank deposit		**9,975**	9,994
Restricted bank balances		**97,385**	115,628
Bank balances and cash		**176,495**	85,856
		841,104	812,715
Current liabilities			
Amounts due to customers for contract work		**36,968**	43,965
Trade and bills payables	*11*	**345,378**	308,266
Advance receipt from customers		**3,522**	4,417
Other payables and accruals		**51,033**	46,475
Amounts due to related companies		**4,828**	4,453
Amounts due to directors		**6,258**	5,485
Tax payable		**31,917**	30,183
Bank overdrafts		**6,113**	6,257
Bank and other borrowings		**215,548**	210,876
		701,565	660,377
Net current assets		**139,539**	152,338
Total assets less current liabilities		**398,214**	416,871

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)

As at 30 June 2010

	30 June 2010 *RMB'000* (Unaudited)	31 December 2009 *RMB'000* (Audited)
Capital and reserves		
Share capital	**100,773**	99,166
Share premium and reserves	**279,190**	274,252
Equity attributable to owners of the Company	**379,963**	373,418
Non-controlling interests	**(3,902)**	1,027
	376,061	374,445
Non-current liabilities		
Bank and other borrowings	**17,045**	37,095
Deferred tax liabilities	**5,108**	5,331
	22,153	42,426
	398,214	416,871

Notes:

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and with the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for investment properties and certain financial instruments, which are measured at fair values, as appropriate.

<u>Basis of consolidation from 1 January 2010</u>

The condensed consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2010.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. All significant intra-group balances, income and expenses, unrealised gains and losses and dividends resulting from intra-group transactions are eliminated on consolidation.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Losses are attributed to the non-controlling interests (formerly known as minority interests) even if that results in a deficit balance.

The accounting policies used in the preparation of these condensed consolidated financial statements are consistent with those adopted in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2009, except for the accounting policies of the basis of consolidation as set out above and others as set out below.

In current period, the Group has applied, for the first time, the following new and revised standards, amendments to standards and interpretation ("new and revised HKFRSs") issued by the HKICPA.

Hong Kong Financial Reporting Standards ("HKFRSs") (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 39 (Amendment)	Eligible Hedged Items
HKAS 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)-Int 17	Distributions of Non-cash Assets to Owners

Except for described below, the application of these new and revised HKFRSs had no material effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

2. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

HKAS 27 (Revised) "Consolidated and Separate Financial Statements"

Allocation of total comprehensive expenses to non-controlling interests

Prior to 1 January 2009, losses applicable to the non-controlling interests in excess of the non-controlling interests in the subsidiary's equity were allocated against the interests of the Group except to the extent that the non-controlling interests had a binding obligation and were able to make an additional investment to cover the losses.

Following the adoption of the HKAS 27 (Revised) "Consolidated and Separate Financial Statements" of the Group, the total comprehensive income and expenses of a subsidiary is attributable to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests have a deficit balance. At 30 June 2010, total comprehensive expenses attributable to the non-controlling interests of approximately RMB4,929,000 and a deficit balance of approximately RMB3,902,000 have been recognised in the condensed consolidated statement of comprehensive income and the condensed consolidated statement of financial position respectively.

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

HKFRSs (Amendments)	Improvements to HKFRSs 2010[1]
HKAS 24 (Revised)	Related Party Disclosures[4]
HKAS 32 (Amendment)	Classification of Rights Issues[2]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[3]
HKFRS 9	Financial Instruments[5]
HK(IFRIC)-Interpretation ("Int") 14 (Amendment)	Prepayments of a Minimum Funding Requirement[4]
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments[3]

1 Amendments that are effective for annual periods beginning on or after 1 July 2010 and 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 January 2013.

HKFRS 9 "Financial Instruments" introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The Standard requires all recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

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

3. SEGMENT INFORMATION

Management has determined the operating segments based on the internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (the directors of the Company) for the purpose of allocating resources to segments and assessing their performance.

For management purposes, the Group is organised into four (2009: four) operating divisions – automobile equipment, buses, automobile spare parts and property investment.

3. **SEGMENT INFORMATION (Cont'd)**

Principal activities 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

Information regarding the above segments is reported below.

Segment revenues and results

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

For the six months ended 30 June 2010

	Automobile equipment *RMB'000*	**Buses** *RMB'000*	**Automobile spare parts** *RMB'000*	**Property investment** *RMB'000*	**Total** *RMB'000*
TURNOVER	**86,656**	**53,086**	**109,105**	**4,000**	**252,847**
RESULTS					
Segment results	**2,214**	**(7,223)**	**8,103**	**4,517**	**7,611**
Unallocated corporate expenses					**(4,166)**
Share of loss of associates					**(1,460)**
Interest income					**616**
Finance costs					**(11,446)**
Loss before tax					**(8,845)**

For the six months ended 30 June 2009

	Automobile equipment *RMB'000*	Buses *RMB'000*	Automobile spare parts *RMB'000*	Property investment *RMB'000*	Total *RMB'000*
TURNOVER	55,402	57,468	13,140	4,042	130,052
RESULTS					
Segment results	(6,702)	(3,337)	(1,368)	2,941	(8,466)
Unallocated corporate expenses					(4,996)
Share of loss of associates					(954)
Interest income					1,815
Finance costs					(7,974)
Loss before tax					(20,575)

3. SEGMENT INFORMATION (Cont'd)

Segment assets

The following is an analysis of the Group's operating assets as at 30 June 2010 and 31 December 2009:

Segment assets	**30 June 2010**	31 December 2009
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Automobile equipment	**214,944**	189,584
Buses	**188,823**	223,361
Automobile spare parts	**264,244**	302,909
Property investment	**106,614**	126,319
Total segment assets	**774,625**	842,173
Unallocated corporate assets	**325,154**	235,075
Consolidated assets	**1,099,779**	1,077,248

4. TURNOVER

	For the six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Sales of goods	**240,842**	116,082
Revenue from construction contracts	**5,853**	8,633
Commission income	**2,152**	1,295
Rental income	**4,000**	4,042
	252,847	130,052

5. FINANCE COSTS

	For the six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest on bank overdrafts, bank and other borrowings wholly repayable within five years	**7,293**	5,161
Interest on discounted bills	**4,153**	2,642
Effective interest expense on convertible bond	–	171
	11,446	7,974

6. LOSS BEFORE TAX

Loss before tax has been arrived at after (crediting) charging:

	For the six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Depreciation on property, plant and equipment	**4,345**	3,546
Amortisation on prepaid lease payments	**485**	485
Gain on disposal of property, plant and equipment	**(1,495)**	–

7. INCOME TAX EXPENSE (CREDIT)

	For the six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current tax:		
– PRC Enterprise Income Tax ("EIT")	**2,279**	–
Deferred tax:		
– Current period	**(223)**	(275)
	2,056	(275)

No provision for Hong Kong Profits Tax has been made for the six months ended 30 June 2010 as the Group does not have any assessable profits subject to Hong Kong for the period (2009: nil).

In accordance with the relevant rules and regulations in the PRC, all PRC subsidiaries are subject to EIT at a rate of 25% (2009: 25%).

8. DIVIDENDS

No dividends were paid, declared or proposed during the reported period. The directors do not recommend the payment of an interim dividend.

9. LOSS PER SHARE

The calculation of the basic loss per share is based on the Group's loss attributable to owners of the Company of approximately RMB5,972,000 (period ended 30 June 2009: RMB16,479,000) and the weighted average number of ordinary shares of 1,135,819,000 (period ended 30 June 2009: 530,753,000) in issue during the period.

No diluted loss per share is presented for the periods ended 30 June 2010 and 30 June 2009 as the exercise of potential dilutive ordinary shares would result in reduction in loss per share.

10. TRADE AND BILLS RECEIVABLES

	30 June 2010	31 December 2009
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables	**178,327**	172,061
Less: Impairment loss recognised	**(93,975)**	(94,460)
	84,352	77,601
Bills receivables	**90**	300
	84,442	77,901

The Group allows credit period ranging from 30 to 180 days (2009: 30 to 365 days) to its trade customers. The Group granted a longer credit period to legal customers as a result of financial crisis to maintain the loyal customers. The following is an aged analysis of trade receivables net of impairment loss recognised on trade receivables presented based on the invoice date at the end of the reporting period:

	30 June 2010	31 December 2009
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
0 – 180 days	**34,786**	49,148
181 – 365 days	**42,303**	28,453
1 – 2 years	**7,263**	–
Total	**84,352**	77,601

11. 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:

	30 June 2010 RMB'000 (Unaudited)	31 December 2009 RMB'000 (Audited)
0 – 180 days	**111,091**	105,764
181 – 365 days	**13,500**	10,264
1 – 2 years	**11,896**	12,446
Over 2 years	**13,182**	11,424
	149,669	139,898
Bills payable	**195,709**	168,368
	345,378	308,266

The average credit period on purchases of goods is ranging from one to six months (2009: one to six months).

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

Despite the pace of economic recovery was still slow and lack of momentum, the Group has recorded a substantial increase in turnover by 94.4% to approximately RMB252.8 million during the period under review. However, the outbreak of sovereign debt crisis in the Euro zone has created additional uncertainty to the global economy.

Automobile Repair and Maintenance Equipment

During the period, export sales of the Group comprising mainly automobile spray booths and car lifters were approximately RMB11.0 million, representing an increase of 17.9% when compared with the previous period. The overall turnover was approximately RMB86.4 million which increased substantially by 48.7% when compared with the last corresponding period. While it is expected that the global economy would still be weak and export sales would not be recovered in the short term, we will continue to developing new products to maintain our competitiveness in the industry.

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 ("ZIG"). The turnover of this segment was approximately RMB109.1 million which drastically increased by 730.3% when compared with the last period. It was mainly due to the delivery of backlog orders to customers during the period. 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 the outside customers.

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 first six months of the year, its export sales increased by 66.2% as a result of processing backlog orders from customers in developing countries which are less affected by the global adverse economical situation. Nevertheless, this segment still reported a loss. Meanwhile, the situation is going to be improved when the export sales to South Africa begins.

Overseas Project

During the period, we have successfully concluded the deal 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 a joint venture with SANTACO to build and operate the first nation-wide electronic fare management system in the country as well.

FINANCIAL REVIEW AND LIQUIDITY

Gross Margin

Due to market consolidation of automobile repair and maintenance equipment, the gross profit margin of the period increased from 13.4% to 17.1% when compared with the same period last year.

Net Loss

The Group has recorded a net loss of approximately RMB10.9 million when compared with a net loss of approximately RMB20.3 million of the last period. Basic loss per share for the period was approximately RMB0.53 cents.

Liquidity

Liquidity as measured by current ratio (defined as "Current Asset/Current Liabilities") with a ratio of 1.2x during the period was considered as still acceptable. Regarding the current assets, approximately 33.7% were cash and bank deposit.

Leverage

Net gearing ratio (defined as "Total bank debts – Cash available/Total Net Worth") was improved to null during the period from 0.11x as at FYE 2009. The Group will continue to take effort to retain its leverage at a very satisfactory level.

As at 30 June 2010, cash and bank balances of the Group amounted to approximately RMB284 million (31 December 2009: RMB211 million). Cash is mainly denominated in Renminbi and Hong Kong Dollars. Long term loan was amounted to approximately RMB17 million (31 December 2009: RMB37 million) and the short term bank loans was amounted to approximately RMB222 million (31 December 2009: RMB217 million) which representing an increase of approximately RMB5 million.

The interest rates of bank borrowings ranged between 5.31% and 7.17% 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 Hong Kong 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 30 June 2010, the net asset value of the Group amounted to approximately RMB376.1 million (31 December 2009: RMB374.4 million), representing an increase of approximately 0.5%. Net current assets amounted to approximately RMB139.5 million (31 December 2009: RMB152.3 million), a decrease of approximately 8.4% from last year.

PROSPECT

The recent outbreak of sovereign debt crisis in the Euro zone is still casting its effect over all sectors globally. With worldwide co-operation to curb the spread of an economic depression, the situation is under control but the signal of recovery is still blur. However, the demand for commercial vehicles is less affected especially in the emerging markets including Africa, the Middle East, South America, Eastern Europe and Asia. With the successful conclusion of the co-operation with SANTACO, the Group will continue to develop and explore our business in these areas. In addition, we have increased our effort to exploit the domestic markets especially in those provinces in western and north-western part of the PRC.

Recently, the PRC government has further clarified and amended its policies to strengthen the support of developing new energy automobile industry. As a result, the Group has located certain partners and worked closely with them to exploit this opportunity. We will adjust our business and operation strategies when necessary in response to the dynamic environment in order to improve the Group's profit.

Looking ahead, the Group will implement a strategy of steady growth while seek to capture more new business opportunities so as to generate satisfactory return to our stakeholders.

EMPLOYEE REMUNERATION POLICIES

As at 30 June 2010, the Group employed a total of 1,300 (31 December 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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2010.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE PRACTICES

In the opinion of the directors, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 to the Listing Rules during the six months ended 30 June 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 six months ended 30 June 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 CG 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 three members comprising all the independent non-executive directors of the Company. The unaudited consolidated results of the Group for the six months ended 30 June 2010 have been reviewed by the audit committee of the Company.

By Order of the Board
Xu Lian Guo
Chairman

Hong Kong, 30 August 2010

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 Xinzhong as independent non-executive directors of the Company.