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## **ZHONGDA INTERNATIONAL HOLDINGS LIMITED**

**( 中大國際控股有限公司\* )**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 00909)**

### **PLACING OF WARRANTS**

**Placing Agent**



#### **PLACING OF WARRANTS**

On 8 July 2010, the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Placing Agent agreed to place, on a best effort basis, up to 206,500,000 Warrants.

The Issue Price per Warrant is HK\$0.01 and the Subscription Price is HK\$0.59 (subject to adjustment).

Upon the exercise of the subscription rights attaching to the Warrants in full, a maximum of 206,500,000 Warrant Shares will be issued and allotted, representing approximately 19.62% of the existing issued share capital of the Company and approximately 16.40% of the issued share capital of the Company as enlarged by the issue and allotment of the Warrant Shares.

**As the Placing Agreement may or may not complete, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

\* For identification purposes only

## **THE PLACING AGREEMENT**

### **Date**

8 July 2010

### **Parties**

- (a) the Company; and
- (b) the Placing Agent.

The Placing Agent conditionally agreed with the Company to place, on a best effort basis, up to 206,500,000 Warrants at an issue price of HK\$0.01 per Warrant. The Placing Agent will receive a placing commission which was arrived at after arm's length negotiations between the Company and the Placing Agent. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Placing Agent is an Independent Third Party.

### **Placees**

The Warrants shall be offered to not fewer than six Placees which are expected to be individuals, corporate, institutional investors or other investors procured by the Placing Agent. Further announcement will be made by the Company if the Placing Agent fails to identify at least six Placees. All Placees and their respective ultimate beneficial owners will be Independent Third Parties.

The Directors are currently unable to determine whether any Placees will become a substantial Shareholder (as defined in the Listing Rules) of the Company as a result of exercising the subscription rights attaching to the Warrants. The Placing Agent will notify the Company in the event that any substantial Shareholder is involved assuming full exercise of the subscription rights attaching to the Warrants as at the date of Completion.

### **Conditions**

The Placing and the obligations of the Placing Agent under the Placing Agreement are conditional upon:

- (a) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, all of the Warrant Shares to be allotted and issued upon full exercise of the subscription rights attached to the Warrants; and
- (b) if required, the Bermuda Monetary Authority having approved the issue of the Warrants and the Shares which may fall to be issued upon the exercise of the subscription rights attached to the Warrants.

## **Completion**

Completion shall take place as soon as possible following the satisfaction of the conditions set out above and in any event not later than five business days immediately following the satisfaction of the conditions (or such other date to be agreed by the parties) and at a time and place to be agreed between the Placing Agent and the Company.

If the conditions of the Placing are not fulfilled on or before the Long Stop Day, the Placing Agreement shall terminate and neither the Placing Agent nor the Company will have any claim against the other for costs, damages, compensation or otherwise except for any antecedent breach of the Placing Agreement.

## **Termination of the Placing Agreement**

The Placing Agent may, by notice to the Company given at any time prior to 8:00 a.m. on the completion date, terminate the Placing Agreement, if in the absolute opinion of the Placing Agent, the success of the placing of the Warrants would be materially and adversely affected by:

- (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Placing Agent materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the placing of the Warrants; or
- (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Placing Agreement) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Placing Agent materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and makes it inexpedient or inadvisable to proceed with the placing of the Warrants; or
- (c) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the absolute opinion of the Placing Agent is likely to materially or adversely affect the success of the placing of the Warrants or otherwise makes it inexpedient or inadvisable to proceed with the placing of the Warrants; or
- (d) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or
- (e) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than 15 consecutive trading days; or

- (f) any material breach of any of the warranties given by the Company under the Placing Agreement comes to the knowledge of the Placing Agent.

In the event that the Placing Agent terminates the Placing Agreement pursuant to the abovementioned clauses, all obligations of each of the parties under the Placing Agreement shall cease and terminate and neither party to the Placing Agreement shall have any claim against the other party in respect of any arising out of or in connection with the Placing Agreement except for any breach arising prior to such termination.

**As the Placing Agreement may or may not complete, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## **PRINCIPAL TERMS OF THE WARRANTS**

### **Number of Warrant Shares Covered by the Warrants**

Upon the exercise of the subscription rights attaching to the Warrants in full, a maximum of 206,500,000 Warrant Shares (with an aggregate nominal value of HK\$20,650,000 of the Warrant Shares), will be issued and allotted, representing approximately 19.62% of the existing issued share capital of the Company and approximately 16.40% of the issued share capital of the Company as enlarged by the issue and allotment of the Warrant Shares.

### **Subscription period**

From the date of issue of the Warrants to the expiry of the second anniversary of the issue of the Warrants.

### **Subscription price**

The Subscription Price per Warrant Share will be HK\$0.59 (subject to adjustment).

The Subscription Price and the Issue Price per Warrant (in aggregate) (being HK\$0.60) represents:—

- (a) a premium of approximately 13.21% to the closing price of HK\$0.530 per Share as quoted on the Stock Exchange on 8 July 2010, being the date of the Placing Agreement;
- (b) a premium of approximately 5.63% to the average of the closing prices of approximately HK\$0.568 per Share for the five trading days of the Shares up to and including 8 July 2010; and
- (c) a premium of approximately 1.52% to the average of the closing prices of approximately HK\$0.591 per Share for the ten trading days of the Shares up to and including 8 July 2010.

The Subscription Price is subject to adjustment for subdivision or consolidation of shares. The Company will publish an announcement upon any adjustment to the Subscription Price.

The Subscription Price was determined after arm's length negotiations between the Company and the Placing Agent, after considering the Group's existing financial position, liquidity of the Shares in the market and number of Warrant Shares.

Payment of the Subscription Price must be made in immediately available funds.

### **Transferability**

The Warrants are freely transferable in amounts equivalent to the aggregate Subscription Price in respect of 2,000 Shares for the time being in force (or an integral multiple thereof).

### **Ranking of the Warrant Shares**

The Warrant Shares, when issued and allotted, will rank pari passu with the fully paid Shares in issue on the date of allotment and issue of such Warrant Shares.

### **Call**

If at any time the aggregate of the amount of exercise moneys attached to the Warrants which have not been exercised is equal to or less than 10 per cent. of the aggregate amount of exercise moneys attached to all the Warrants issued, the Company may, on giving not less than three months' notice, require Warrantholders either to exercise their Subscription Rights or to allow them to lapse. On expiry of such notice, all unexercised Warrant(s) will be automatically cancelled without compensation to the Warrantholders.

### **Voting**

The Warrantholders will not be entitled to attend or vote at any general meetings of the Company by reason only of it being a Warrantholder.

### **Listing**

No application will be made for a listing of the Warrants on the Stock Exchange or any other stock exchange.

### **GENERAL MANDATE**

The Warrant Shares will be allotted and issued under the general mandate which was granted to the Directors pursuant to an ordinary resolution of the Company passed at its special general meeting on 17 March 2010 to allot and issue up to 206,774,743 Shares, representing 20% of the issued share capital of the Company in issue on that date. As at the date of this announcement, the Company has not utilized the general mandate to issue any Shares. As the Warrants and the Warrant Shares are to be issued under the aforesaid general mandate, the Placing is not subject to Shareholders' approval.

## **APPLICATION FOR LISTING**

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Warrant Shares.

## **REASONS FOR ENTERING INTO THE PLACING AGREEMENT AND USE OF PROCEEDS**

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

The Directors consider that, in the event the subscription rights attaching to the Warrants are exercised, the placing of the Warrants represents a good opportunity to raise additional capital for the Company as well as broadening the shareholder base and capital base of the Company.

The Directors consider the terms of the Placing Agreement (including the Issue Price and the Subscription Price) are fair and reasonable and the Placing is in the interest of the Company and the Shareholders as a whole.

The gross proceeds from the placing of the Warrants will be HK\$2,065,000 (i.e. The Issue Price without taking into account of the exercise of the subscription rights attaching to the Warrants). After taking into account the estimated expenses in relation to the placing of the Warrants, the net proceeds of approximately HK\$1,535,000 from the placing of the Warrants (without taking into account of the exercise of the subscription rights attaching to the Warrants) is intended to be used as general working capital of the Group. If the subscription rights attaching to the Warrants are exercised in full, an additional amount of approximately HK\$121,835,000 will be raised. The additional net proceeds of approximately HK\$121,835,000 (with minimal administrative expenses) is intended to be used as general working capital and for the future development of the Group.

The net fund raised per Warrant (together with the Subscription Price per Warrant Share) is expected to be approximately HK\$0.60 per Share.

## FUND RAISING ACTIVITIES DURING THE PAST TWELVE MONTHS

<b>Date of announcement</b>	<b>Event</b>	<b>Net Proceeds (approx.)</b>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds</b>
12 November 2009	Top up placing of 105,000,000 Shares at HK\$0.713 per Share	HK\$71.5 million	Investment in projects in South Africa relating to public transport and as general working capital of the Group	HK\$29 million was utilised for the general working capital requirements of the Group. The remaining HK\$42.5 million has been deposited at the bank accounts of the Group which will be utilised for the development of alternative energy vehicles and the investment in projects in South Africa relating to public transport and as general working capital of the Group.
4 March 2010	Placing of 18,450,000 new Shares at HK\$0.813 per Share	HK\$14.8 million	Investment in projects in South Africa relating to public transport and as general working capital of the Group	Not yet utilised.
		<u>HK\$86.3 million</u>		

Save as disclosed above, the Company had not conducted any fund raising activities involving issue of its securities in the past twelve months immediately preceding the date of this announcement.

## EFFECT ON SHAREHOLDING

For illustration purpose, the shareholding structures of the Company as at the date of this announcement and upon full exercise of subscription rights attaching to the Warrants are as follows:–

	As at the date of this announcement		Assuming full exercise of the subscription rights attaching to the Warrants	
	<i>Number of Shares</i>	<i>Approx. %</i>	<i>Number of Shares</i>	<i>Approx. %</i>
Zhong Da (BVI) Limited	294,004,000	27.94	294,004,000	23.36
Warrantholders	–	–	206,500,000	16.40
Other public Shareholders	<u>758,319,719</u>	<u>72.06</u>	<u>758,319,719</u>	<u>60.24</u>
	<u>1,052,323,719</u>	<u>100.00</u>	<u>1,258,823,719</u>	<u>100.00</u>

Notes:

1. Zhong Da (BVI) Limited is beneficially owned as to 57.22% by Mr. Xu Lian Guo and as to 42.78% by Mr. Xu Lian Kuan respectively.
2. Assuming none of the Warrantholders will become a substantial Shareholder.

## DEFINITIONS

In this announcement, the following expressions shall have the following meanings, unless the context requires otherwise:

“Board”	the board of Directors
“Company”	Zhongda International Holdings Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Placing Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China



“Independent Third Party(ies)”	party(ies) which is/are not connected person(s) of the Company (as defined in the Listing Rules) and is/are independent of the Company and its connected persons
“Issue Price”	the issue price of HK\$0.01 per Warrant
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Day”	being the date falling 90 days after the date of the Placing Agreement (or such other time and date as the Placing Agent and the Company shall agree in writing)
“Placees”	the placees of the Warrants to be procured by the Placing Agent for and on behalf of the Company, which shall be Independent Third Parties
“Placing”	the private placing of the Warrants to the Placees
“Placing Agent”	Tanrich Capital Limited, a corporation licensed to carry on Types 1 and 6 of the regulated activities under the Securities and Futures Ordinance
“Placing Agreement”	the Placing Agreement dated 8 July 2010 entered into between the Placing Agent and the Company in relation to placing of the Warrants
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholders”	holders of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the sum payable in respect of each Share to which the registered holder of each Warrant will be entitled upon exercise of the subscription rights represented thereby, being HK\$0.60 or such adjusted price as may for the time being be applicable in accordance with the terms of the Warrants
“Warrant(s)”	unlisted warrants of the Company in registered form conferring rights entitling the Warrantholder(s) thereof to subscribe for up to HK\$121,835,000 in aggregate in cash for 206,500,000 Warrant Shares at the Subscription Price (subject to adjustment) to be issued by the Company pursuant to the Placing Agreement
“Warrant Shares”	the new Shares to be issued by the Company upon the exercise of the subscription rights attaching to the Warrants by the Warrantholders thereof
“Warrantholder(s)”	holder(s) of the Warrant(s)

“HK\$” Hong Kong dollars, the lawful currency of Hong Kong

“%” per cent

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

Hong Kong, 8 July 2010

*As at the date of this announcement, the Board comprises Messrs. Xu Lian Guo, Xu Lian Kuan, Zhang Yuqing and Kwok Ming Fai as executive Directors and Messrs. Gu Yao Tian, Sun Ka Ziang Henry and Li Xinzong as independent non-executive Directors.*