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If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Zhongda International Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser, transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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 TRANSACTIONS EXCLUSIVE AGENCY AGREEMENT

**Independent financial adviser to
the Independent Board Committee and the Independent Shareholders**

TANRICH
Tanrich Capital Limited

A letter from the Board is set out on pages 4 to 11 of this circular and a letter from the Independent Board Committee is set out on pages 12 to 13 of this circular. A letter from Tanrich Capital, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, containing its advice to the Independent Board Committee and the Independent Shareholders on the Continuing Connected Transactions is set out on pages 14 to 21 of this circular.

A notice convening the SGM to be held on Wednesday, 7 May 2008 at Plaza I, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong at 3:00 p.m. is set out on pages 27 to 28 of this circular. Whether or not you are able to attend the SGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the principal place of business of the Company in Hong Kong at 1609, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong, as soon as possible and in any event not less than 48 hours before the appointed time for holding the meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting and any adjourned meeting (as the case may be) should you so wish.

* *For identification purpose only*

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DEFINITIONS

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

“2007 Exclusive Overseas Distribution Agreement”	an exclusive overseas distribution agreement dated 10 December 2007 entered into between Zhongwei Bus and Zhongda International Trading for the exclusive distribution of the Export Sales of Zhongwei Bus which was terminated on 1 February 2008, the terms of which are more particularly set out in the announcements of the Company dated 10 December 2007, 2 January 2008 and 1 February 2008 respectively
“associate”	has the same meaning as given to it under the Listing Rules
“Board”	the board of Directors
“Caps”	the annual caps of the Continuing Connected Transactions for the three years ending 31 December 2010
“Company”	Zhongda International Holdings Limited, an exempted company incorporated in Bermuda with limited liability and whose shares are listed on the Stock Exchange
“Continuing Connected Transactions”	the underlying transactions under the Exclusive Agency Agreement for the three years ending 31 December 2010 respectively
“Director(s)”	the director(s) of the Company
“Exclusive Agency Agreement”	an exclusive agency agreement dated 8 April 2008 entered into between Zhongwei Bus and Zhongda International Trading for the appointment of Zhongda International Trading as the exclusive agent of the Export Sales of the Products
“Export Sales”	the selling of the Products manufactured by Zhongwei Bus outside the PRC
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Independent Board Committee”	the committee of the Board comprising Mr. Gu Yao Tian, Mr. Sun Ka Ziang, Henry and Mr. Li Xin Zhong formed to advise the Independent Shareholders in respect of the Exclusive Agency Agreement and the Caps in relation to the Continuing Connected Transactions
“Independent Shareholders”	the Shareholders other than Mr. Xu Lian Guo, Mr. Xu Lian Kuan and Mr. Zhang Yuqing and their respective associates as defined under the Listing Rules
“Latest Practicable Date”	17 April 2008, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, and for the purpose of this circular, excludes Hong Kong, Macau Special Administrative Region and the Taiwan region
“Products”	the products including but not limited to buses, coaches, auto parts and components manufactured by Zhongwei Bus
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	a special general meeting of the Company to be convened to consider and approve (by way of a poll) the Exclusive Agency Agreement and the Caps respectively
“Shares”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the same meaning ascribed to it under the Listing Rules

DEFINITIONS

“Tanrich Capital”	Tanrich Capital Limited, a licensed corporate under the SFO permitted to carry out types 1 and 6 regulated activities and the independent financial advisor to the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the Exclusive Agency Agreement and the Caps
“ZIG Group”	Zhongda Industrial Group and its subsidiaries from time to time
“Zhongda Industrial Group”	中大工業集團公司 (Zhongda Industrial Group Corporation), a company established under the laws of the PRC and is controlled by Mr. Xu Lian Guo and Mr. Xu Lian Kuan
“Zhongda International Trading”	Zhongda International Trading Limited, an indirect wholly-owned subsidiary of the Company
“Zhongwei Bus”	鹽城中威客車有限公司 (Yancheng Zhongwei Bus Manufacturing Co., Ltd.), 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

LETTER FROM THE BOARD



ZHONGDA INTERNATIONAL HOLDINGS LIMITED

中大國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 909)

Executive Directors:

Mr. Xu Lian Guo (*Chairman*)
Mr. Xu Lian Kuan (*Vice-chairman and
Chief Executive Officer*)
Mr. Zhang Yuqing (*Vice-chairman*)
Mr. Kwok Ming Fai

Independent non-executive Directors:

Mr. Gu Yao Tian
Mr. Sun Ka Ziang Henry
Mr. Li Xin Zhong

Registered office:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

*Principal place of business
in Hong Kong:*

1609, Office Tower
Convention Plaza
1 Harbour Road
Wanchai, Hong Kong

21 April 2008

To the Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

EXCLUSIVE AGENCY AGREEMENT

INTRODUCTION

On 8 April 2008, the Company announced that Zhongwei Bus and Zhongda International Trading entered into the Exclusive Agency Agreement, whereby Zhongwei Bus has appointed Zhongda International Trading the exclusive overseas agent for selling the Products outside the PRC. Zhongda International Trading will be entitled to receive a commission at a rate of not less than 5% on the selling prices of the Products.

The purpose of this circular is:

- (i) to provide the Shareholders with details of the Exclusive Agency Agreement and the Caps in relation to the Continuing Connected Transactions;

* For identification purpose only

LETTER FROM THE BOARD

- (ii) to set out the opinion of the independent financial adviser in respect of the terms of the Exclusive Agency Agreement and the Caps in relation to the Continuing Connected Transactions;
- (iii) to set out the recommendation of the Independent Board Committee in respect of the terms of the Exclusive Agency Agreement and the Caps in relation to the Continuing Connected Transactions; and
- (iv) to give notice of the SGM to consider and, if thought fit, to approve the Exclusive Agency Agreement and the Caps in relation to the Continuing Connected Transactions.

Your attention is hereby drawn to pages 27 to 28 of this circular where you will find a notice of the SGM to be held on 7 May 2008.

BACKGROUND

Reference is made to the announcement of the Company dated 5 February 2008 regarding the Group's proposal to enter into an exclusive overseas agency agreement with Zhongwei Bus to enjoy substantially the same economic benefits as the 2007 Exclusive Overseas Distribution Agreement.

THE EXCLUSIVE AGENCY AGREEMENT

The principal terms of the Exclusive Agency Agreement are set out below:

1. Date: 8 April 2008
2. Parties: Zhongwei Bus as the supplier
Zhongda International Trading as the exclusive agent, Zhongda International Trading is an indirect wholly-owned subsidiary of the Company.
3. Appointment of Exclusive Overseas Agent:

Zhongwei Bus has appointed Zhongda International Trading as the exclusive agent for selling the Products outside the PRC.

Zhongwei Bus has undertaken that:

- (a) the appointment of Zhongda International Trading as the agent is sole and exclusive in nature. All sales of Products outside the PRC by Zhongwei Bus shall only be conducted through Zhongda International Trading.
- (b) Zhongda International Trading shall have the right to appoint a majority of the directors in the board of directors of Zhongwei Bus during the period of the Exclusive Agency Agreement so as to ensure the due delivery of the Products for the Export Sales.

LETTER FROM THE BOARD

4. Commission and Payments:

Zhongda International Trading will be entitled to receive a commission at a rate of not less than 5% on the selling prices of the Products, inclusive of administrative, distribution, sales and marketing costs and expenses on the Export Sales. The commission is to be satisfied in cash and payable within 60 days after settlement of the Export Sales.

5. Term of Appointment:

The Exclusive Agency Agreement will commence from the date of approval from the Independent Shareholders at the SGM up to 31 December 2010.

The parties have a right to extend the appointment of Zhongda International Trading as the exclusive overseas agent for a further term of 3 years up to 31 December 2013 which is subject to, among other things, (i) the satisfaction by the Company and the Group of the applicable announcement, reporting and independent shareholders' approval requirements under the Listing Rules and the applicable rules and regulation in Hong Kong; and (ii) the signing of an agreement in writing between the parties in respect to extending of the term of appointment of Zhongda International Trading, if applicable.

The Exclusive Agency Agreement and the transactions contemplated thereby constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules and are subject to the Independent Shareholders' approval at the SGM. In the event that approval from the Independent Shareholders cannot be obtained, the Exclusive Agency Agreement shall terminate on the date when the SGM is held.

CAPS AND BASIS OF DETERMINATION

Historical

Established in 1996, Zhongwei Bus is the major manufacturer of coaches under ZIG Group. Zhongwei Bus is located in Yancheng at a site of an area over 200,000 square metres with a paid up capital of RMB92 million. Currently, Zhongwei Bus distributes its Products to over 20 provinces in the PRC and 30 overseas markets in Eastern Europe, Middle East, Africa, South America, and South East Asia. Based on the audited accounts of Zhongwei Bus under the PRC accounting standards for the three years ended 31 December 2007, Zhongwei Bus recorded a total turnover ("**Total Turnover**") of the Products, comprising of local and overseas sales, as below:–

	Year ended 31 December 2005 RMB'000	Year ended 31 December 2006 RMB'000	Year ended 31 December 2007 RMB'000
Total turnover of the Products	357,000	396,000	398,000

LETTER FROM THE BOARD

Caps

Pursuant to the Exclusive Agency Agreement, it is anticipated that the Caps for the three years ending 31 December 2010 shall be as follows:–

	Year ending 31 December 2008 <i>RMB'000</i>	Year ending 31 December 2009 <i>RMB'000</i>	Year ending 31 December 2010 <i>RMB'000</i>
Gross commission income	20,000	30,000	40,000

The Caps are estimated based on various factors including but not limited to (1) the historical growth rate in the Total Turnover recorded by Zhongwei Bus; (2) the existing sales orders of Zhongwei Bus and the potential growth in its exports sales; and (3) the anticipated growth rate in the worldwide demand for buses and coaches.

The Caps are calculated at a commission rate of not less than 5% based on the estimated annual turnover of the Products of Zhongwei Bus with an expected growth rate of approximately 26% commencing from year 2007.

If the Continuing Connected Transactions for such year exceeds the Caps, the Company is obliged to re-comply with Rules 14A.35(3) and (4) in accordance with Rule 14A.36 of the Listing Rules.

REASONS FOR AND BENEFITS OF THE EXCLUSIVE AGENCY AGREEMENT

The industry research analysis reflected that the demand for commercial vehicles (buses, coaches and trucks) is brought year-to-date 2007 volume to over 2.3 million units or 21.9% year-on-year growth. According to the PRC's official announcement, the PRC is both the largest potential market for, the second largest consumer and third largest manufacturer of vehicles around the world. For the first seven months sales of 2007, the PRC has exported 294,000 units of vehicles with a 70% year-on-year growth and expected to be over 500,000 units by the end of this year. In addition, the PRC government will improve its export infrastructure and provide a favourable environment for vehicles export from the PRC. As a result, it may therefore become a regional hub for bus and coach production base with competitive cost advantage and towards an increased emphasis on export markets. According to the research statistics, the OEMs sales of buses and coaches in the first eight months of 2007 increased by over 25% to the last corresponding period. The export of large to medium-sized buses and coaches increased by over 150% to over 10,000 units in the first half of 2007. As a result, the expected Export Sales of Zhongwei Bus would be favourable under such a promising prospect.

Hong Kong is a well-known international financial and import/export centre with comprehensive and well-established financial and financing services. The world-class infrastructure of Hong Kong makes it a focal place for trading, logistics and financial enterprises in the region, in particular for those in the PRC.

LETTER FROM THE BOARD

The Directors consider that by entering into the Exclusive Agency Agreement, the Company has the advantages of having a new source of revenue income to the Group over the term of the Exclusive Agency Agreement. By utilizing the efficient and effective banking facilities and trading and financing services available in Hong Kong for the Export Sales, it will be beneficial to the Company and the Group as a whole and to the ZIG Group by way of fostering the development in the Export Sales of Zhongwei Bus across the border. The Directors are of the view that there is no disadvantage to the Company and the Group as a whole in entering into the Continuing Connected Transactions.

The Directors having taken into consideration that the Group shall enter into the Continuing Connected Transactions on normal commercial terms in the ordinary and usual course of business and are of the view that the Continuing Connected Transactions shall be conducted (i) on an arm's length basis; and (ii) on normal commercial terms or on terms that are fair and reasonable so far as the Independent Shareholders are concerned, as the case may be. The Directors are of the opinion that (a) the Exclusive Agency Agreement; and (b) the Caps, respectively are on normal commercial terms, fair and reasonable, in the best interests of the Company and the Shareholders as a whole and is entered into in the ordinary and usual course of business of the Group.

LISTING RULES IMPLICATIONS

Zhongwei Bus is owned as to 65% by Zhongda Industrial Group. Zhongda Industrial Group is controlled by both Mr. Xu Lian Guo and Mr. Xu Lian Kuan, Directors and substantial shareholders of the Company. As such, Zhongda Industrial Group and Zhongwei Bus are connected persons of the Company as defined under the Listing Rules.

As Mr. Xu Lian Guo, Mr. Xu Lian Kuan and Mr. Zhang Yuqing, Directors, are also directors of Zhongda Industrial Group, each of Mr. Xu Lian Guo, Mr. Xu Lian Kuan and Mr. Zhang Yuqing is required to abstain from voting in respect of the Exclusive Agency Agreement. As at the date hereof, both Mr. Xu Lian Guo and Mr. Xu Lian Kuan are commonly interested in 204,004,000 Shares, representing approximately 38.5% of the issued share capital of the Company, and Mr. Zhang Yuqing is interested in 17,600,000 Shares, representing approximately 3.3% of the issued share capital of the Company respectively. Mr. Xu Lian Guo, Mr. Xu Lian Kuan and Mr. Zhang Yuqing, and their respective associates shall abstain from voting in respect of their shareholding in the Company at the SGM.

The entering into of the Exclusive Agency Agreement and the transactions contemplated thereby constitute continuing connected transaction of the Company under Chapter 14A of the Listing Rules. As the Caps exceed 2.5% of the applicable percentage ratios and over HK\$10,000,000, these transactions are subject to the announcement, reporting and the independent shareholders' approval requirements under Rule 14A.34 of the Listing Rules.

The Directors (including the independent non-executive Directors) consider that the Continuing Connected Transactions were entered into on normal commercial terms and in the ordinary and usual course of business of the Group.

LETTER FROM THE BOARD

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.

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. Its annual production capacity can be up to a maximum production of 5,000 units of coaches and buses. All the vehicles produced by Zhongwei Bus comply with Euro III or IV standards as required by the PRC Government for environmental protection.

The Independent Board Committee has been formed to advise the Independent Shareholders in relation to the terms of the Exclusive Agency Agreement and the Caps in relation to the Continuing Connected Transactions.

The independent financial adviser, Tanrich Capital, has been appointed to advise the Independent Board Committee and the Independent Shareholders as to whether or not the terms of the Exclusive Agency Agreement and the Caps in relation to the Continuing Connected Transactions are fair and reasonable so far as the Independent Shareholders are concerned.

SGM

The notice convening the SGM to be held on Wednesday, 7 May 2008 at Plaza I, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong at 3:00 p.m. is set out on pages 27 to 28 of this circular. At the SGM, an ordinary resolution will be proposed to approve the Exclusive Agency Agreement and the Caps in relation to the Continuing Connected Transactions.

A form of proxy for use at the SGM is enclosed. Whether or not you are able to attend the meeting, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon to the principal place of business of the Company in Hong Kong at 1609, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting and any adjourned meeting (as the case may be) should you so wish.

LETTER FROM THE BOARD

PROCEDURES TO DEMAND A POLL BY SHAREHOLDERS

Pursuant to Bye-law 66 of the bye-laws of the Company, a resolution put to the vote of a meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (i) by the chairman of such meeting; or
- (ii) by at least three Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or
- (iii) by a Shareholder or Shareholders present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all the Shareholders having the right to vote at the meeting; or
- (iv) by a Shareholder or Shareholders present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and holding Shares in the Company conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all Shares conferring that right.

The Continuing Connected Transactions are subject to the reporting, announcement and the Independent Shareholders' approval requirements and the vote of the Independent Shareholders taken at the SGM will be taken by poll pursuant to the Listing Rules and Mr. Xu Lian Guo, Mr. Xu Lian Kuan and Mr. Zhang Yuqing, and their respective associates will abstain from voting at the SGM. The poll results will be published after the SGM.

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 12 to 13 of this circular which contains its recommendation to the Independent Shareholders on the Exclusive Agency Agreement and the Caps in relation to the Continuing Connected Transactions. Your attention is also drawn to the letter of advice received from Tanrich Capital which contains, amongst other matters, its advice to the Independent Board Committee and the Independent Shareholders in relation to the Exclusive Agency Agreement and the Caps in relation to the Continuing Connected Transactions and the principal factors and reasons considered by it in concluding its advice. The letter from Tanrich Capital is set out on pages 14 to 21 of this circular. The Board considers that the terms of the Exclusive Agency Agreement are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the relevant ordinary resolution to be proposed at the SGM to approve the Exclusive Agency Agreement.

LETTER FROM THE BOARD

Your attention is also drawn to the general information set out in the appendix of this circular.

Yours faithfully
For and on behalf of
Zhongda International Holdings Limited
Xu Lian Guo
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



ZHONGDA INTERNATIONAL HOLDINGS LIMITED

中大國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 909)

1609, Office Tower
Convention Plaza
1 Harbour Road
Wanchai
Hong Kong

21 April 2008

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

We refer to the circular of the Company to the Shareholders dated 21 April 2008 (the “**Circular**”), in which this letter forms a part. Unless the context requires otherwise, capitalized terms used in this letter will have the same meanings given to them in the section headed “Definitions” of the Circular.

We have been authorised by the Board to form the Independent Board Committee to advise the Independent Shareholders on whether the terms of the Exclusive Agency Agreement and the Caps in relation to the Continuing Connected Transactions are fair and reasonable so far as the Independent Shareholders are concerned.

We wish to draw your attention to the letter of advice from Tanrich Capital as set out on pages 14 to 21 of the Circular and the letter from the Board set out on pages 4 to 11 of the Circular.

* For identification purpose only

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered, among other matters, the factors and reasons considered by, and the opinion of Tanrich Capital as stated in its letter of advice, we consider that the terms of the Exclusive Agency Agreement and the Caps in relation to the Continuing Connected Transactions are fair and reasonable so far as the Independent Shareholders are concerned and accordingly recommend the Independent Shareholders to vote in favour of the ordinary resolution in relation to the Exclusive Agency Agreement and the Caps in relation to the Continuing Connected Transactions to be proposed at the SGM.

Yours faithfully,
the Independent Board Committee

Mr. Gu Yao Tian
*Independent non-executive
Director*

Mr. Sun Ka Ziang Henry
*Independent non-executive
Director*

Mr. Li Xin Zhong
*Independent non-executive
Director*

LETTER FROM TANRICH CAPITAL

The following is the text of a letter received from Tanrich Capital setting out its opinion to the Independent Board Committee and the Independent Shareholders in respect of the Continuing Connected Transactions for inclusion in this circular.



Tanrich Capital Limited
16/F Central Plaza
18 Harbour Road
Wanchai Hong Kong

21 April 2008

To the Independent Board Committee and
the Independent Shareholders

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS EXCLUSIVE AGENCY AGREEMENT

INTRODUCTION

We refer to our engagement to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Continuing Connected Transactions, particulars of which are set out in the letter from the Board (the “**Letter from the Board**”) of this circular to the Shareholders dated 21 April 2008 (the “**Circular**”) and in which this letter is reproduced. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as given to them under the definitions section of the Circular.

As set out in the Letter from the Board, on 8 April 2008, Zhongwei Bus and Zhongda International Trading entered into the Exclusive Agency Agreement, whereby Zhongwei Bus has appointed Zhongda International Trading the exclusive overseas agent for selling the Products outside the PRC. Zhongda International Trading will be entitled to receive a commission at a rate of not less than 5% on the selling prices of the Products. The Exclusive Agency Agreement will commence from the date of approval from the Independent Shareholders at the SGM up to 31 December 2010. The parties have a right to extend the appointment of Zhongda International Trading as the exclusive overseas agent for a further term of 3 years up to 31 December 2013, subject to compliance of the Listing Rules.

Zhongwei Bus is owned as to 65% by Zhongda Industrial Group. Zhongda Industrial Group is controlled by both Mr. Xu Lian Guo and Mr. Xu Lian Kuan, Directors and substantial shareholders of the Company. Zhongda International Trading is an indirect wholly owned subsidiary of the Company. As such, Zhongwei Bus is a connected person of the Company as defined under the Listing Rules. Thus, the Exclusive Agency Agreement and the transactions contemplated thereby constitute continuing connected transaction of the Company under the Listing Rules. As the Caps exceed 2.5% of the applicable percentage

LETTER FROM TANRICH CAPITAL

ratios and over HK\$10,000,000, these transactions are subject to the announcement, reporting and the independent shareholders' approval requirements under Rule 14A.34 of the Listing Rules. Accordingly, the Independent Board Committee has been established to advise whether the respective terms and conditions of the Continuing Connected Transactions are fair and reasonable and whether the Continuing Connected Transactions are in the interests of the Company and the Shareholders as a whole. In this regard, Tanrich Capital has been appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders.

We are not connected with the directors, chief executive and substantial shareholders of the Company or any of its subsidiaries or their respective associates and are therefore considered suitable to give independent advice to the Independent Board Committee and the Independent Shareholders. Apart from normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company or the directors, chief executive and substantial shareholders of the Company or any of its subsidiaries or their respective associates.

In formulating our opinion, we have relied on the accuracy of the information and representations contained in the Circular and have assumed that all information and representations made or referred to in the Circular were true at the time they were made and continue to be true as at the date of the Circular. We have also relied on our discussion with the Directors and the management of the Company regarding the Group and the respective terms and conditions of the Continuing Connected Transactions, including the information and representations contained in the Circular. We have also assumed that all statements of belief, opinion and intention made by the Directors and the management of the Company in the Circular were reasonably made after due enquiry. We consider that we have reviewed sufficient information to reach an informed view, to justify our reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our advice. We have no reason to suspect that any material facts have been omitted or withheld from the information contained or opinions expressed in the Circular nor to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors. We have not, however, conducted an independent in-depth investigation into the business and affairs of the Group, the Company, Zhongwei Bus and their respective associates nor have we carried out any independent verification of the information supplied.

THE CONTINUING CONNECTED TRANSACTIONS

Principal factors and reasons considered

In arriving at our opinion regarding the terms of the Continuing Connected Transactions, we have considered the following principal factors and reasons:

1. Background of the Continuing Connected Transactions

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. Zhongwei Bus is the major manufacturer of

LETTER FROM TANRICH CAPITAL

coaches under ZIG Group. Zhongwei Bus is located in Yancheng at a site of an area over 200,000 square metres with a paid up capital of RMB92 million. Currently, Zhongwei Bus distributes its Products to over 20 provinces in the PRC and 30 overseas markets in Eastern Europe, Middle East, Africa, South America, and South East Asia. Zhongda International Trading is an indirect wholly-owned subsidiary of the Company.

On 8 April 2008, Zhongwei Bus and Zhongda International Trading entered into the Exclusive Agency Agreement, whereby Zhongwei Bus has appointed Zhongda International Trading as the exclusive agent for selling the Products outside the PRC. Zhongda International Trading will be entitled to receive a commission at a rate of not less than 5% on the selling prices of the Products, inclusive of administrative, distribution, sales and marketing costs and expenses on the Export Sales.

2. Reasons for and benefits of the Continuing Connected Transactions

The industry research analysis reflected that the demand for commercial vehicles (buses, coaches and trucks) is brought year-to-year 2007 volume to over 2.3 million units or 21.9% year-on-year growth. According to the PRC's official announcement, the PRC is both the largest potential market for, the second largest consumer and third largest manufacturer of vehicles around the world. Based on the statistics of China Association of Automobile Manufacturers, the production of automobiles in the PRC increased by 22.02% to over 8.8 million units from 2006 to 2007. The total automobiles exports increased by 78.95% to over 600,000 units from 2006 to 2007. Export sales to top ten countries in 2007 were ranked from highest to lowest: U.S.A, Japan, Russia, Korea, Germany, Iran, Netherlands, Great Britain, Canada and UAE. The total export sales to top ten countries was approximately US\$22.06 billion in 2007, which contributed 54% of total sales of export commercial vehicles. In addition, the PRC government will improve its export infrastructure and provide a favorable environment for vehicles export from the PRC. As a result, it may therefore become a regional hub for bus and coach production base with competitive cost advantage and towards an increased emphasis on export markets. According to the research statistics, the OEMs sales of buses and coaches in the first eight months of 2007 increased by over 25% to the last corresponding period. The export of large to medium-sized buses and coaches increased by over 150% to over 10,000 units in the first half of 2007. As a result, the expected Export Sales of Zhongwei Bus would be favorable under such a promising prospect.

From the above statistics and the expectation from the Company, the demand for commercial vehicle exports will remain strong and hence the Company is optimistically to mark for a further growth in exports annual turnover.

The Directors consider that by entering into the Exclusive Agency Agreement, the Company has the advantages of having a new source of revenue income to the Group over the terms of the Exclusive Agency Agreement. By utilizing the efficient and effective banking facilities and trading and financing services available in Hong Kong for the Export Sales, it will be beneficial to the Company and the Group as a whole and to the ZIG Group by way of fostering the development in the Export Sales of

LETTER FROM TANRICH CAPITAL

Zhongwei Bus across the border. The Directors are of the view that there is no disadvantage to the Company and the Group as a whole in entering into the Continuing Connected Transactions.

Against all the background as stated above, we concurred with the Directors that there is a commercial rationale for the Company to enter into the Exclusive Agency Agreement with the relevant connected parties relating to the Continuing Connected Transactions and it is beneficial to the Company that the Continuing Connected Transactions will provide a new source of revenue and profit for the Company to support its business development.

3. Terms of the Exclusive Agency Agreement

Zhongwei Bus has appointed Zhongda International Trading as the exclusive overseas agent for the selling of the Products outside the PRC. Zhongda International Trading will be entitled to receive a commission at a rate of not less than 5% on the selling prices of the Products, inclusive of administrative, distribution, sales and marketing costs and expenses on the Export Sales. The commission is to be satisfied in cash and payable within 60 days after settlement of the Export Sales. The Exclusive Agency Agreement will commence from the effective date of the Exclusive Agency Agreement up to 31 December 2010. The parties have a right to extend the appointment of Zhongda International Trading as the exclusive overseas agent for a further term of 3 years up to 31 December 2013 which is subject to, among other things, (i) the satisfaction by the Company and the Group of the relevant disclosure requirements under the Listing Rules and the applicable rules and regulation in Hong Kong; and (ii) the signing of an agreement in writing between the parties in respect to extending of the term of appointment of Zhongda International Trading, if applicable.

As stated in the “Letter from the Board” in the Circular, Zhongda International Trading shall have the right to appoint a majority of the directors in the board of directors of Zhongwei Bus during the period of the Exclusive Agency Agreement so as to ensure the due delivery of the Products for the Export Sales. In relation to the historical commission rate, which Zhongwei Bus had used some agents to facilitate their sales outside the PRC in some circumstances. The agency fees were ranged from 3% to 11%. The management of the Company advised that the average agency fees charged by these agents to Zhongwei Bus was approximately 5% in the past. We reviewed some agency agreements for the sales outside the PRC between the sales agents and Zhongwei Bus and found that the average agency commission rate of these overseas agency agreements was approximately 5%. Moreover, in taking a prudent approach on determining the agency commission rate for Zhongda International Trading to charge Zhongwei Bus, we concurred with Directors of the Company that the agency commission rate of not less than 5% on the selling prices of the Products sold outside the PRC for Zhongda International Trading to charge Zhongwei Bus is fair and reasonable and within the range of 3% to 11% agency fees that previously charged by the agents who were independent third parties to the Company.

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The settlement terms of the agency commission are to be satisfied in cash and payable with 60 days after settlement of the Export Sales. We reviewed the settlement terms of some invoices that the suppliers of Zhongwei Bus billed to Zhongwei Bus, most of the settlement terms are to be satisfied in cash and payable with 60 days after the settlement of the sales and we confirmed with the management of the Company that these settlement terms are in line with the settlement terms that Zhongwei Bus currently carrying out for settling the payment with its suppliers.

We concurred with the Directors that they have taken into consideration that the Group shall enter into the Continuing Connected Transactions respectively on normal commercial terms in the ordinary and usual course of business and are of the view that the Continuing Connected Transactions shall be conducted (i) on an arm's length basis; and (ii) on normal commercial terms or on terms that are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

4. Caps

As stated in the "Letter from the Board" in the Circular, the Caps of the Continuing Connected Transactions under the Exclusive Agency Agreement for the three years ending 31 December 2010 are set out as follows:

	Year ended 31 December 2008 RMB'000	Year ended 31 December 2009 RMB'000	Year ended 31 December 2010 RMB'000
Gross commission income	20,000	30,000	40,000

Exclusive Agency Agreement

Pursuant to the Exclusive Agency Agreement, Zhongda International Trading will be entitled to receive a commission at a rate of not less than 5% on the selling prices of the Products, inclusive of administrative, distribution, sales and marketing costs and expenses on the Export Sales.

The Board has taken into account the following factors to determine the relevant Caps:

- the historical growth rate in the Total Turnover recorded by Zhongwei Bus;
- the existing sales orders of Zhongwei Bus and the potential growth in its Export Sales; and
- the anticipated growth rate in the worldwide demand for buses and coaches.

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As set out in the “Letter from the Board” in the Circular and advised by the management of the Company, Zhongwei Bus recorded the Total Turnover of the Products comprising of local and Export Sales as below:

	Year ended 31 December 2005 RMB'000	Year ended 31 December 2006 RMB'000	Year ended 31 December 2007 RMB'000
Total Turnover of the Products	357,000	396,000	398,000

In consideration of the existing sales orders of Zhongwei Bus and the potential growth in its Export Sales, it is expected that Zhongda International Trading will obtain increasing commission income from Zhongwei Bus, which has been reflected into the relevant Caps. The Caps are calculated at commission rate of not less than 5% based on the estimated annual turnover of the Products by Zhongwei Bus with an expected growth rate of approximately 26% commencing from the year 2007.

The historical growth rate of the Total Turnover of Zhongwei Bus from the year 2005 to year 2006 was approximately 10.98% and from the year 2006 to year 2007 was approximately 0.43%. The Directors of the Company have confirmed with an independent auditor (the “**Independent Auditor**”) who had been engaged by the Company to conduct reviews on Zhongwei Bus that the growth rate of the Export Sales of Zhongwei Bus from the year 2005 to year 2006 was approximately 3 times and from the year 2006 to year 2007 was approximately 2 times respectively. We also confirmed these Export Sales growth rate figures with the management of the Company that such figures were correct. According to a research report of Morgan Stanley that the year-to-year growth rate for the sales of large buses in the first eight months of the year 2007 in the PRC was 25.1% and an announcement of the PRC government that the year-to-year growth rate for the sales of commercial vehicles in the first seven months of the year 2007 in the PRC was 26%. In order to adopt a prudent view, the Company expects the growth rate for the annual turnover of the Products by Zhongwei Bus will be 26% per year in the coming 3 years. As confirmed by the Independent Auditor, approximately 40% of Zhongwei Bus’s Total Turnover was related to Export Sales for the year 2007. Under these circumstances, the Company was advised by the corporate internal strategic planning team of ZIG Group that it is expected to have approximately 60% of the Total Turnover related to Export Sales for the year 2008 to year 2010. We concurred with the expectation of the Board that the Export Sales of Zhongwei Bus will continue to grow sustainably in the coming years due to the growing expansion plan of Zhongwei Bus to explore the market outside the PRC.

Moreover, we have reviewed that net profits of Zhongwei Bus for the year 2005 to year 2007 and found that such net profits were more than 5% of the total turnovers of Export Sales for the years 2005 to year 2007 and the Directors

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advised us that the net profits contributed by Export Sales is sufficient for Zhongwei Bus to pay the commission fees at a rate of not less than 5% on the selling prices of the Products selling outside the PRC to Zhongda International Trading. The Directors further advised that if the net profits margin of the Export Sales for the sales order received in the future is less than 5%, Zhongwei Bus will consider not taking up such sales order if Zhongwei Bus cannot afford to pay the commission to Zhongda International Trading in these orders.

Having considered the above and further discussed with the Directors, we noted the following factors in particular: (1) we expected that the Group shall have increasing in commission income from Zhongda International Trading as Zhongwei Bus soliciting more orders outside the PRC from Zhongda International Trading in the future. (2) we have checked with the commission rates for calculating the Caps and found that they are set to be not less than 5%. Moreover, we concurred with the Directors that the agency commission rate of not less than 5% on the selling prices of the Products selling outside the PRC for Zhongda International Trading to charge Zhongwei Bus is fair and reasonable since it is taken in a prudent approach and is in line with the average commission rate for paying the agents selling the Products outside the PRC in the past. (3) after reviewing a research report of Morgan Stanley and an announcement of the PRC government, we considered that the Company takes a prudent view and chooses 26% as the expected growth rate for the sales turnover of Zhongwei Bus for calculating the Caps is fair and reasonable as the Export Sales is expected to be in an increasing trend through the expansion plan to be carried out by Zhongwei Bus to explore the market outside the PRC.

On the above basis, we are of the view that the bases on which the annual Caps were determined are fair and reasonable and in the interests of the Shareholders and the Company as a whole and the Caps are fair and reasonable.

5. *The conditions*

As the respective Caps of the Continuing Connected Transactions will exceed HK\$10 million and the relevant applicable ratios under the Listing Rules exceed 2.5%, the Continuing Connected Transactions are subject to reporting, announcement, and the Independent Shareholders' approval requirements under the Listing Rules.

The Company will therefore seek the approval by the Independent Shareholders of the relevant framework agreements governing the Continuing Connected Transactions including the Caps for the three financial year ending 31 December 2010 subject to the following conditions:

1. The Continuing Connected Transactions will be:
 - (i) entered into by the Company in the ordinary and usual course of its business;

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- (ii) conducted on normal commercial terms or, if there are no sufficient comparable transactions to judge whether they are on normal commercial terms, on terms offered by the Company should not be less favourable than terms offered by the Company to independent third parties; and
 - (iii) entered into in accordance with the terms of the relevant framework agreements governing such Continuing Connected Transactions that are fair and reasonable and in the interests of the Shareholders as a whole;
2. The transacted amount of the transactions under the relevant framework agreements for the three year ending 31 December 2010 shall not exceed the Caps as stated above;
 3. The Company will comply with all other relevant requirements under the Listing Rules.

Taking into account of the conditions attached to the Continuing Connected Transactions, in particular (i) the restriction by way of setting the Caps; and (ii) the compliance with all other relevant requirements under the Listing Rules (which include the annual review and/or confirmation by the independent non-executive Directors and auditors of the Company on the actual execution of the Continuing Connected Transactions), we consider that the Company has taken appropriate measures to govern the Company in carrying out the Continuing Connected Transactions, thereby taking care of the interests of the Shareholders thereunder.

Recommendation

Having considered the above principal factors, we are of the opinion that the terms of the Continuing Connected Transactions are in the interests of the Company and the Shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned and the Caps are fair and reasonable. We consider that the Continuing Connected Transactions are to be carried out on normal commercial terms and in the ordinary course of business of the Company. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM for approving the Continuing Connected Transactions and the Caps.

Yours faithfully,
For and on behalf of
TANRICH CAPITAL LIMITED
Andy Chan
Director

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with respect to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this document and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, no Directors or chief executive of the Company, save as disclosed below, had or was deemed to have any interests or short positions in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are deemed or taken to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO to be entered in the register referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange:

Long position in the Shares

Name of Directors	Personal interests	Corporate interests	Total number of Shares held	% of total issued Shares
Xu Lian Guo (<i>Note 1</i>)	–	204,004,000	204,004,000	38.5%
Xu Lian Kuan (<i>Note 1</i>)	–	204,004,000	204,004,000	38.5%
Zhang Yuqing	17,600,000	–	17,600,000	3.3%

Note 1: These Shares are held by Zhong Da (BVI) Limited which is beneficially owned as to 57.22% and as to 42.78% by Mr. Xu Lian Guo and Mr. Xu Lian Kuan, respectively.

3. SUBSTANTIAL SHAREHOLDERS

Save as disclosed below, as at the Latest Practicable Date, according to the register of interests kept by the Company under section 336 of the SFO and so far as is known to the Directors, the following are details of the persons (other than a Director or chief executive of the Company) had an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other member of the Group or had any option in respect of such capital:

Name of Shareholders	Capacity	Notes	Number of Shares held	% of the issued share capital
Zhong Da (BVI) Limited	Beneficial owner	1	204,004,000	38.5%
Shum Yip Holdings Company Limited	Beneficial owner	2	39,576,000	7.5%
Penta Investment Advisers Ltd	Investment manager		96,024,000	18.1%
L-R Global Partners, L.P.	Investment manager		26,606,000	5.0%

Notes:

1. Zhong Da (BVI) Limited is beneficially owned as to 57.22% and as to 42.78% by Mr. Xu Lian Guo and Mr. Xu Lian Kuan, respectively.
2. These Shares are held by Gainful Outcome Holdings Limited and Outstanding Management Limited, both being wholly-owned subsidiaries of Shum Yip Holdings Company Limited, respectively.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any service contract with the Company or any of its subsidiaries which is not expiring or determinable by the Group within one year without payment of compensation, other than statutory compensation.

5. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration proceedings of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

6. COMPETING INTEREST

As at the Latest Practicable Date, in so far as the Directors are aware, none of the Directors or their respective associates (as defined in the Listing Rules) had any interest in a business which competes or likely to compete with the business of the Group.

7. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position or contingent liabilities of the Group since 31 December 2006, being the date to which the latest published audited financial statements of the Company were made up.

8. EXPERTS AND CONSENT

The following are the qualifications of the professional advisers whose opinions or advice are contained in this circular:

Name	Qualification
Tanrich Capital	A deemed licensed corporation under the SFO and engaged in types 1 and 6 regulated activities

Tanrich Capital has given and has not withdrawn its respective written consent to the issue of this circular with the inclusion of its letters dated the date hereof and reference to its name in the form and context in which they appear.

As at the Latest Practicable Date, Tanrich Capital did not have any shareholding in any member of the Group or the right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, and Tanrich Capital did not have any direct or indirect interest in any assets which have been or proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2006, being the date to which the latest published audited accounts of the Company were made up.

9. INTERESTS IN ASSETS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any asset which had been, since 31 December 2006, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to or proposed to be acquired or disposed of any member of the Group.

10. DIRECTORS' INTERESTS IN CONTRACTS

Save for the Yancheng Celette Purchase Agreement, the Zhongwei Bus Sales Agreement, the Yancheng Celette Purchase Agreement, and the Exclusive Agency Agreement (as referred to in the section headed "Documents available for inspection" below), there was no contract of significance in relation to the Group's business to which the Company, its

subsidiaries, its fellow subsidiaries or its holding company was a party and in which a Director had a material interest, whether directly or indirectly, subsisting as at the Latest Practicable Date.

11. MISCELLANEOUS

- (a) The qualified accountant and company secretary of the Company is Mr. Fu Yan Ming, who is a fellow of the Association of Chartered Certified Accountants.
- (b) The principal share registrar and transfer office of the Company is The Bank of Bermuda Limited whose address is Bank of Bermuda Building, 6 Front Street, Hamilton HM11, Bermuda.
- (c) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Standard Limited whose address is 26th Floor, Tesbury Center, 28 Queen's Road East, Wanchai, Hong Kong.
- (d) The English text of this circular shall prevail over the Chinese text in case of any inconsistency.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the principal place of business of the Company in Hong Kong at 1609, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong, up to and including 6 May 2008:

- (a) the memorandum of association and the bye-laws of the Company;
- (b) the "Letter from the Independent Board Committee" as set out in this circular;
- (c) the "Letter from Tanrich Capital" as set out in this circular;
- (d) the annual report of the Company for the two years ended 31 December 2006;
- (e) the circular of the Company dated 4 October 2007 in regard to the Yancheng Celette Purchase Agreement and the Zhongwei Bus Sales Agreement (as defined therein) which constituted continuing connected transactions of the Company respectively;
- (f) the written consent from Tanrich Capital as referred to in the section headed "Experts and Consent" above;
- (g) the Yancheng Celette Purchase Agreement as referred to in item (e) above;
- (h) the Zhongwei Bus Sales Agreement as referred to in item (e) above;

- (i) the Yancheng Celette Sales Agreement as referred to in the announcement of the Company dated 23 August 2007 regarding the sales of raw materials, parts and components by the Group; and
- (j) the Exclusive Agency Agreement.

NOTICE OF SPECIAL GENERAL MEETING



ZHONGDA INTERNATIONAL HOLDINGS LIMITED

中大國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 909)

NOTICE IS HEREBY GIVEN that a special general meeting of the shareholders of Zhongda International Holdings Limited (the “**Company**”) will be held at Plaza I, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Wednesday, 7 May 2008 at 3:00 p.m. for the purpose of considering and, if thought fit, passing the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT

- (a) the Exclusive Agency Agreement dated 8 April 2008 entered into between Yancheng Zhongwei Bus Manufacturing Co., Ltd. (“**Zhongwei Bus**”) and Zhongda International Trading Limited (“**Zhongda International Trading**”), a copy of which is tabled at the meeting and marked “A” and initialed by the chairman of the meeting for identification purpose, pursuant to which, Zhongwei Bus has appointed Zhongda International Trading as the exclusive overseas agent for the selling of the products including but not limited to buses, coaches, auto parts and components manufactured by Zhongwei Bus outside the PRC (the “**Continuing Connected Transactions**”), be and is hereby approved, ratified and confirmed;
- (b) the cap amounts in relation to the Continuing Connected Transactions for the three financial years ending 31 December 2010 of RMB20 million, RMB30 million and RMB40 million, respectively, be and are hereby approved; and
- (c) any one director of the Company, or any two directors of the Company if the affixation of the common seal is necessary, be and is/are hereby authorised for and on behalf of the Company to execute all such other documents, instruments and agreements and to do all such acts or things deemed by him/her to be incidental to, ancillary to or in connection with the matters contemplated in the Exclusive Agency Agreement.”

Yours faithfully
For and on behalf of
Zhongda International Holdings Limited
Xu Lian Guo
Chairman

Hong Kong, 21 April 2008

* *For identification purpose only*

NOTICE OF SPECIAL GENERAL MEETING

Registered office:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Principal place of business in Hong Kong:

1609, Office Tower
Convention Plaza
1 Harbour Road
Wanchai, Hong Kong

Notes:

1. A form of proxy for use at the meeting is enclosed herewith.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of any officer, attorney or other person authorised to sign the same.
3. Any member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him/her. A proxy need not be a member of the Company.
4. In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notorially certified copy of such power or authority, must be lodged at the principal place of business of the Company in Hong Kong at 1609, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong, not less than 48 hours before the time appointed for holding the meeting or any adjourned meeting thereof (as the case may be).
5. Completion and return of the form of proxy will not preclude members from attending and voting in person at the meeting or at any adjourned meeting thereof (as the case may be) should they so wish, and in such event, the form of proxy shall be deemed to be revoked.
6. Where there are joint registered holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the meeting, whether in person or by proxy, the joint registered holder present whose name stands first on the register of members in respect of the shares shall be accepted to the exclusion of the votes of the other registered holders.
7. As at the date hereof, the board of directors of the Company 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 respectively.