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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, 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 or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the 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: 00909)**

**REFRESHMENT OF GENERAL MANDATE  
TO ISSUE AND ALLOT SHARES  
AND  
REFRESHMENT OF THE SCHEME MANDATE LIMIT  
OF THE SHARE OPTION SCHEME  
AND  
NOTICE OF SPECIAL GENERAL MEETING**

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

**VINCO**  **城高**

**Grand Vinco Capital Limited**

*(A wholly-owned subsidiary of Vinco Financial Group Limited)*

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A letter from the Board is set out on pages 3 to 8 of this circular and a letter from the Independent Board Committee is set out on pages 9 to 10 of this circular. A letter from Vinco Capital containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 11 to 18 of this circular.

A notice convening the SGM to be held at 1609, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong on Wednesday, 17 March 2010 at 3:00 p.m. is set out on pages 19 to 21 of this circular. A form of proxy for use by the Shareholders at the SGM is enclosed. Whether or not you intend to attend and vote at the SGM in person, please complete the form of proxy enclosed in accordance with the instructions printed thereon and return it 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 practicable but in any event not later than 48 hours before the time appointed for holding the SGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM should you so wish.

\* For identification purposes only

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## DEFINITIONS

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*In this circular, the following expressions shall have the following meanings unless the context indicates otherwise:*

“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (excluding Saturday and Sunday) on which banks are generally open for business in Hong Kong
“Company”	Zhongda International Holdings Limited (中大國際控股有限公司), an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Director(s)”	the director(s) of the Company from time to time
“Existing General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company on 26 June 2009, among others, to allot, issue and deal with up to 106,629,248 Shares, representing 20% of the then issued share capital of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent committee of the Board established by the Board to advise the Independent Shareholders in respect of the Issue Mandate
“Independent Shareholders”	Shareholder(s) other than Mr. Xu Lian Guo, Mr. Xu Lian Kuan and Mr. Zhang Yuqing and their respective associates
“Issue Mandate”	the refreshment of the Existing General Mandate proposed to be sought at the SGM to authorise the Directors to allot, issue and deal with Shares not exceeding 20% of the issued share capital of the Company as at the date of the SGM

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## DEFINITIONS

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“Latest Practicable Date”	23 February 2010, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained therein
“Listing Committee”	has the meaning ascribed to such term in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“SGM”	the special general meeting of the Company to be held at 1609, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong on Wednesday, 17 March 2010 at 3:00 p.m., to consider and approve the refreshment of the Existing General Mandate and the refreshment of 10% scheme mandate limit of the Share Option Scheme
“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Share Option Scheme”	the share option scheme adopted by the Company on 31 May 2007
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vinc Capital”	Grand Vinc Capital Limited, a wholly-owned subsidiary of Vinc Financial Group Limited (stock code: 8340), a licensed corporation to carry business in type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Issue Mandate
“Zhong Da BVI”	Zhong Da (BVI) Limited, a company incorporated in the British Virgin Islands and is owned as to 57.22% by Mr. Xu Lian Guo, an executive Director and as to 42.78% by Mr. Xu Lian Kuan, another executive Director, and which is the only substantial shareholder of the Company
“%”	per cent.

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LETTER FROM THE BOARD

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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)**

*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 Xinzhong

*Registered office:*

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

*Principal place of business*

*in Hong Kong:*

1609, Office Tower

Convention Plaza

1 Harbour Road

Wanchai

Hong Kong

26 February 2010

*To the Shareholders*

Dear Sir/Madam,

**REFRESHMENT OF GENERAL MANDATE**

**TO ISSUE AND ALLOT SHARES**

**AND**

**REFRESHMENT OF THE SCHEME MANDATE LIMIT**

**OF THE SHARE OPTION SCHEME**

**AND**

**NOTICE OF SPECIAL GENERAL MEETING**

**INTRODUCTION**

The Board proposes to refresh the general mandate to issue and allot Shares, and refresh the 10% scheme mandate limit of the Share Option Scheme.

\* For identification purposes only

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## LETTER FROM THE BOARD

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The purpose of this circular is:

- (i) to provide Shareholders with details of the refreshment of the Existing General Mandate and the refreshment of 10% scheme mandate limit of the Share Option Scheme;
- (ii) to set out the opinion of Vinco Capital, the independent financial adviser to the Independent Board Committee and the Independent Shareholders on the refreshment of the Existing General Mandate;
- (iii) to set out the recommendation of the Independent Board Committee to the Independent Shareholders on the refreshment of the Existing General Mandate; and
- (iv) to give you notice of the SGM to consider and, if thought fit, to approve the refreshment of the Existing General Mandate and the refreshment of 10% scheme mandate limit of the Share Option Scheme.

### **REFRESHMENT OF THE EXISTING GENERAL MANDATE**

At the last annual general meeting of the Company held on 26 June 2009, the Shareholders approved, among other things, an ordinary resolution to grant to the Directors the Existing General Mandate to allot and issue up to 106,629,248 Shares, which is equivalent to 20% of the then issued share capital of the Company.

As announced by the Company on 12 November 2009, the Company carried out a top-up placing of 105,000,000 Shares which were issued under the Existing General Mandate, representing approximately 98.47% of the Existing General Mandate.

In order to provide a flexible means for the Company to raise further funds through the issue of new Shares for its future business development, the Board proposes to refresh the Existing General Mandate for the Directors to issue and allot new Shares not exceeding 20% of the issued share capital of the Company as at the date of the SGM.

The Issue Mandate is proposed to the Shareholders prior to the Company's next annual general meeting, and therefore, pursuant to Rule 13.36(4) of the Listing Rules, the refreshment of the Existing General Mandate will be subject to Independent Shareholders' approval by way of poll at the SGM, where any controlling shareholders and their associates or, where there are no controlling shareholders, Directors and the chief executive of the Company and their respective associates shall abstain from voting in favour of the Issue Mandate. As at the Latest Practicable Date, Zhong Da BVI was interested in 294,004,000 Shares, representing approximately 28.4% of the issued share capital of the Company, and was the only substantial shareholder of the Company. Zhong Da BVI is owned as to 57.22% by Mr. Xu Lian Guo and as to 42.78% by Mr. Xu Lian Kuan, who are both executive Directors. Zhong Da BVI is therefore an associate of both Mr. Xu Lian Guo and Mr. Xu Lian Kuan. Mr. Zhang Yuqing, an executive Director, held 30,272,000 Shares, representing approximately 2.9% of the issued share capital of the Company. Accordingly, Mr. Xu Lian Guo, Mr. Xu Lian Kuan and Mr. Zhang Yuqing and their respective associates will abstain from voting for the resolution in relation to the Issue Mandate to be proposed at the SGM.

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## LETTER FROM THE BOARD

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Based on the 1,033,873,719 Shares in issue as at the Latest Practicable Date and assuming that no further Shares are repurchased or issued prior to the SGM, subject to the passing of the relevant ordinary resolution to approve the Issue Mandate at the SGM, the Directors will be authorised to allot and issue up to a limit of 206,774,743 Shares under the Issue Mandate. This is the first occasion since the last annual general meeting on 26 June 2009 that the Company seeks to refresh the general mandate to allot and issue Shares. Notwithstanding that the further issue of Shares may dilute the existing shareholding of the Shareholders, the Directors consider that the Issue Mandate will represent an opportunity to the Company to raise additional equity capital of the Group by taking advantage of the good market sentiments in future, and to enhance the flexibility of the Company to raise funds in a timely manner so as to seize the fund-raising opportunities that may arise and is fair and reasonable and the granting of the Issue Mandate is in the interests of the Company and the Shareholders as a whole.

The Directors consider that it is important for the Company to be able to raise funds quickly in order to seize the fund-raising opportunities that may arise. To this end, the Directors consider that the refreshment of the Existing General Mandate would allow the Company more flexibility in raising funds and to expanding and developing the business of the Company.

### **Capital-raising activities since the last annual general meeting of the Company held on 26 June 2009**

Apart from the capital-raising activities mentioned below, the Company has not carried out other capital-raising activities since the last annual general meeting of the Company held on 26 June 2009. The actual use of the aggregate proceeds of approximately HK\$156.6 million raised by the Company since the last annual general meeting of the Company held on 26 June 2009 are summarised below, which is in line with the intended use of proceeds as disclosed in the relevant announcements of the Company:

<b>Date of announcement</b>	<b>Capital-raising activity</b>	<b>Net proceeds raised (HK\$)</b>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds</b>
21 May 2009	Open offer of 319,887,744 Shares at the subscription price of HK\$0.28 per Share offered on the basis of three offer shares for every five Shares held	Approximately 85.1 million	For the development of alternative energy vehicles and as general working capital of the Group	HK\$24.2 million was utilised for redemption of the convertible bonds of the Company in the principal amount of HK\$21 million in accordance with the terms of the convertible bonds and HK\$59 million was utilised for the general working capital requirement of the Group. The remaining HK\$1.9 million has been deposited at the bank accounts of the Group which will be utilised for the development of alternative energy vehicles and as general working capital of the Group.

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## LETTER FROM THE BOARD

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Date of announcement	Capital-raising activity	Net proceeds raised (HK\$)	Intended use of proceeds	Actual use of proceeds
12 November 2009	Top-up placing of 105,000,000 Shares at HK\$0.713 per Share (Note 4)	71.5 million (Note 2)	To be used for various investment opportunities in South Africa relating to public transport and as general working capital of the Group	The Directors consider that the redemption of the convertible bonds helped (i) to reduce the debt financing burden of the Company thereby improve the short term liquidity ratio of the Company; and (ii) to reduce the potential dilutive effect on the earnings per Share of the Company, and was in interests of the Company and the Group as a whole. (Note 1)
	Total	<u>156.6 million</u>		

*Notes:*

1. As at the Latest Practicable Date, the working capital requirements of the Group had been increased due to the procurement of certain bulk sales orders concluded recently.
2. The Company announced on 12 November 2009 that the estimated net proceeds from the top-up placing was approximately HK\$73.9 million, which was net of expected expenses of HK\$1 million, but inadvertently did not take into account the estimated placing commission of approximately HK\$2 million. The payment of placing commission of approximately HK\$2 million was made upon completion of the placing. As a result, the Group recorded net proceeds of HK\$71.5 million from the placing.
3. As at the Latest Practicable Date, the aggregate funds of approximately HK\$52.4 million raised from the abovementioned fund-raising exercises has been deposited at the bank accounts of the Group, of which approximately HK\$22.4 million and HK\$20 million is expected to be used for the development of alternative energy vehicles and for the various investment opportunities in South Africa, respectively, and the remaining balance of approximately HK\$10 million will be used for the general working capital requirements of the Group.
4. 105,000,000 Shares were placed by Zhong Da BVI under the placing and 105,000,000 Shares were issued to Zhong Da BVI under the Existing General Mandate pursuant to the subscription.



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## LETTER FROM THE BOARD

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### REFRESHMENT OF SCHEME MANDATE LIMIT OF THE SHARE OPTION SCHEME

The Board also proposes to seek the approval of the Shareholders to refresh the 10% scheme mandate limit of the Share Option Scheme. Under the current limit of the Share Option Scheme, the Directors were authorised to grant options to subscribe for up to 48,000,400 Shares, representing 10% of the issued share capital of the Company as at the date of the annual general meeting of the Company held on 31 May 2007 at which the scheme mandate limit of the Share Option Scheme was approved. Since the approval of the scheme mandate limit on 31 May 2007 and up to the Latest Practicable Date, the Company has granted options to subscribe for a total of 47,684,597 Shares under the Share Option Scheme. As at the Latest Practicable Date, there are 47,684,597 outstanding options under the Share Option Scheme, and 11,862,188 outstanding options under the old share option scheme of the Company which was terminated on 31 May 2007 respectively.

In order to provide the Company with greater flexibility in granting share options to eligible persons (including employees and directors) of the Company under the Share Option Scheme as incentives to rewarding their contribution to the Company, the Board decided to seek the approval of the Shareholders to refresh the 10% scheme mandate limit of the Share Option Scheme at the SGM. The Directors consider that such refreshment of the 10% scheme mandate limit of the Share Option Scheme is in the interests of the Company and the Shareholders as a whole.

Based on 1,033,873,719 Shares in issue as at the Latest Practicable Date and assuming that no further Shares are repurchased or issued and no share options are being granted nor exercised prior to the SGM, upon the approval of the refreshment of the 10% scheme mandate limit of the Share Option Scheme, the Directors will be authorised to issue options to subscribe for a total of 103,387,371 Shares, representing 10% of the total number of Shares in issue as at the Latest Practicable Date.

The aggregate number of Shares which may be issued upon the exercise of all outstanding share options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company has not exceeded 30% of the Shares in issue as at the Latest Practicable Date. Save for the Share Option Scheme, the Company has no other share option schemes as at the Latest Practicable Date.

The refreshment of the scheme mandate limit is conditional upon:

- (a) the Shareholders' approval at the SGM; and
- (b) the Stock Exchange granting approval for the listing of and permission to deal in the Shares to be issued pursuant to the exercise of any options granted under the refreshed limit of the Share Option Scheme.

An application will be made by the Company to the Listing Committee of the Stock Exchange for obtaining the approval mentioned in paragraph (b) above.

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## LETTER FROM THE BOARD

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### SGM

A notice of the SGM is set out on pages 19 to 21 of this circular.

Voting in the SGM will be taken by poll in accordance with the Listing Rules.

A form of proxy for use at the SGM is enclosed herewith. Whether or not you intend to attend and vote at the SGM in person, you are requested to complete the form of proxy and return it to the principal place of business of the Company in Hong Kong at 1609, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong in accordance with the instructions printed thereon as soon as practicable but in any event no later than 48 hours before the time appointed for holding the SGM. Completion of the form of proxy will not preclude you from attending and voting at the SGM in person should you so wish.

### RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 9 to 10 of this circular which contains its recommendation to the Independent Shareholders on the refreshment of the Existing General Mandate. Your attention is also drawn to the letter of advice from Vinco Capital as set out on pages 11 to 18 of this circular which contains, amongst other matters, its advice to the Independent Board Committee and the Independent Shareholders in relation to the Issue Mandate. Based on the advice from Vinco Capital and the Independent Board Committee, the Directors recommend the Independent Shareholders to approve the refreshment of the Existing General Mandate.

The Directors also consider that the Issue Mandate and the refreshment of the 10% scheme mandate limit of the Share Option Scheme are in the interests of the Company and the Shareholders as a whole, and accordingly, recommend all Shareholders to vote in favour of the relevant resolutions set out in the notice of the SGM.

### 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 information contained herein relating to the Company has been supplied by the Directors, who collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts not contained in this circular the omission of which would make any statement herein misleading insofar as it relates to the Company.

Yours faithfully,  
By order of the Board of  
**ZHONGDA INTERNATIONAL HOLDINGS LIMITED**  
**Xu Lian Guo**  
*Chairman*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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*The following is the text of the letter of recommendation, prepared for the purpose of incorporation in the circular, from the Independent Board Committee to the Independent Shareholders regarding the Issue Mandate.*



### ZHONGDA INTERNATIONAL HOLDINGS LIMITED

(中大國際控股有限公司\*)

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 00909)

26 February 2010

*To the Independent Shareholders*

Dear Sir or Madam,

#### **REFRESHMENT OF GENERAL MANDATE TO ISSUE AND ALLOT SHARES**

We refer to the circular of the Company to the Shareholders dated 26 February 2010 (the “**Circular**”), to which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter will have the same meanings as defined in the Circular unless the context otherwise requires.

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders on whether the Issue Mandate is fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Group and the Shareholders as a whole.

We wish to draw your attention to the letter of advice from Vinco Capital, the independent financial adviser as set out on pages 11 to 18 of the Circular and the letter from the Board as set out on pages 3 to 8 of the Circular.

Having considered, among other things, the factors and reasons considered by, and the opinion of Vinco Capital, the independent financial adviser as stated in its letter of advice, we consider that the Issue Mandate is fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Group and the Shareholders as a whole.

\* For identification purposes only

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution in relation to the Issue Mandate to be proposed at the SGM.

Yours faithfully,

For and on behalf of the  
Independent Board Committee

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

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

**Mr. Li Xinzhong**  
*Independent non-executive  
Director*

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## LETTER OF ADVICE FROM VINCO CAPITAL

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*The following is the text of a letter of advice from Vinco Capital to the Independent Board Committee and the Independent Shareholders in connection with the refreshment of the Existing General Mandate, which has been prepared for the purpose of incorporation in this circular.*



**Grand Vinco Capital Limited**  
Units 4909-4910, 49/F., The Center  
99 Queen's Road Central, Hong Kong

26 February 2010

*To the Independent Board Committee and the Independent Shareholders of  
Zhongda International Holdings Limited*

Dear Sirs,

### **REFRESHMENT OF GENERAL MANDATE TO ISSUE AND ALLOT SHARES**

#### **INTRODUCTION**

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the refreshment of the Existing General Mandate, details of which are set out in the section headed "Letter from the Board" in the circular ("**Circular**") issued by the Company to the Shareholders dated 26 February 2010 of which this letter forms part. Capitalised terms used in this letter shall have the same meanings ascribed to them in the Circular unless the context otherwise requires.

On 12 November 2009, the Company announced a top-up placing, where 105,000,000 Shares were issued under the Existing General Mandate, representing approximately 98.47% of the Existing General Mandate. In order to provide a flexible means for the Company to raise additional funds for its future business development, the Board proposes to refresh the Existing General Mandate for the Directors to issue and allot new Shares not exceeding 20% of the issued share capital of the Company as at the date of SGM.

In accordance with Rule 13.36(4) of the Listing Rules, the refreshment of the Existing General Mandate requires the approval of the Independent Shareholders by way of poll at the SGM, at which any controlling Shareholders and their associates, or where there are no controlling Shareholders, the Directors (excluding independent non-executive Directors) and the chief executives of the Company and their respective associates shall abstain from voting in favour of the resolution approving the refreshment of the Existing General Mandate. As at the Latest Practicable Date, Zhong Da BVI was interested in 294,004,000 Shares, representing approximately 28.4% of the issued share capital of the Company, and is the only substantial Shareholder. Zhong Da BVI is owned as to 57.22% by Mr. Xu Lian Guo

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## LETTER OF ADVICE FROM VINCO CAPITAL

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and as to 42.78% by Mr. Xu Lian Kuan, both being the executive Directors. Zhong Da BVI is therefore an associate of both Mr. Xu Lian Guo and Mr. Xu Lian Kuan. As at the Latest Practicable Date, Mr. Zhang Yuqing, an executive Director, held 30,272,000 Shares, representing approximately 2.9% of the issued share capital of the Company. Accordingly, Mr. Xu Lian Guo, Mr. Xu Lian Kuan and Mr. Zhang Yuqing and their respective associates are thus required to abstain from voting in favour of the relevant resolution approving the refreshment of the Existing General Mandate at the SGM.

The Independent Board Committee, comprising Mr. Gu Yao Tian, Mr. Sun Ka Ziang Henry and Mr. Li Xinzhong, all being the independent non-executive Directors, has been formed to advise the Independent Shareholders as to whether the refreshment of the Existing General Mandate is fair and reasonable so far as the Independent Shareholders are concerned and whether the refreshment of the Existing General Mandate is in the interests of the Company and the Independent Shareholders as a whole.

### **BASIS OF OUR OPINION AND RECOMMENDATION**

In forming our opinion and recommendation, we have relied on the information, facts and representations contained or referred to in the Circular and the information, facts and representations provided by, and the opinions expressed by the Directors, management of the Company and its subsidiaries. We have assumed that all information, facts, opinions and representations made or referred to in the Circular were true, accurate and complete at the time they were made and continued to be true, accurate and complete as at the date of the Circular and that all expectations and intentions of the Directors, management of the Company and its subsidiaries, will be met or carried out as the case may be. We have no reason to doubt the truth, accuracy and completeness of the information, facts, opinions and representations provided to us by the Directors, management of the Company and its subsidiaries. The Directors have confirmed to us that no material facts have been omitted from the information supplied and opinions expressed. We have no reason to doubt that any relevant material facts have been withheld or omitted from the information provided and referred to in the Circular or the reasonableness of the opinions and representations provided to us by the Directors, management of the Company and its subsidiaries.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading.

We have relied on such information and opinions and have not, however, conducted any independent verification of the information provided, nor have we carried out any independent investigation into the business, financial conditions and affairs of the Group or its future prospect.

Based on the foregoing, we confirm that we have taken all reasonable steps, which are applicable to the refreshment of the Existing General Mandate, as referred to in Rule 13.80 of the Listing Rules (including the notes thereto).

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## LETTER OF ADVICE FROM VINCO CAPITAL

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This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the refreshment of the Existing General Mandate and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without prior written consent.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In arriving at our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in respect of the refreshment of the Existing General Mandate, we have taken into consideration the following principal factors and reasons:

#### **Background of and reasons for the refreshment of the Existing General Mandate**

The Company is an investment holding company and its subsidiaries are principally engaged in the development, manufacture and sales of automobile equipment and buses and trading of commercial vehicles and automobile spare parts.

At the annual general meeting of the Company held on 26 June 2009, the Directors were granted the Existing General Mandate to allot and issue new Shares of up to 106,629,248 Shares (being 20% of the entire issued share capital of the Company as at the date of the annual general meeting of 533,146,240 Shares).

According to the announcement of the Company dated 12 November 2009, the Company carried out a top-up placing pursuant to which 105,000,000 Shares were issued under the Existing General Mandate, representing approximately 98.47% of the Existing General Mandate. Accordingly, the Existing General Mandate has been substantially utilized.

Based on the 1,033,873,719 Shares in issue as at the Latest Practicable Date and on the assumption that no further Shares will be issued or repurchased by the Company from the Latest Practicable Date and up to the date of the SGM (both dates inclusive), subject to the passing of the ordinary resolution to approve the refreshment of the Existing General Mandate at the SGM, the Directors would be granted the authority to allot and issue up to a maximum of 206,774,743 Shares under the Issue Mandate (being 20% of the aggregate number of issued Shares as at the date of the SGM).

As stated in the Letter from the Board, the Directors believe that the refreshment of the Existing General Mandate will represent an opportunity to the Company to raise additional equity capital of the Group by taking advantage of the good market sentiments in the future and to enhance the flexibility of the Company to raise funds in a timely manner so as to seize the fund-raising opportunities that may arise. Accordingly, the Board proposed to pass an ordinary resolution at the SGM to seek approval by the Independent Shareholders at the SGM in respect of the refreshment of the Existing General Mandate, pursuant to which the Directors shall be granted the authority to allot and issue additional new Shares not exceeding 20% of the issued share capital of the Company as at the date of the SGM.

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## LETTER OF ADVICE FROM VINCO CAPITAL

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### Fund-raising activities of the Company in the past twelve months

Set out below are the fund-raising activities of the Company during the past twelve months immediately prior to the Latest Practicable Date:

Date of announcement	Event	Net proceeds raised (approximately)	Intended use of proceeds	Actual use of proceeds as at the Latest Practicable Date
21 May 2009	Open offer of 319,887,744 Shares at the subscription price of HK\$0.28 per Share offered on the basis of three offer shares for every five Shares held	HK\$85.1 million	<ul style="list-style-type: none"> <li>(i) For the development of alternative energy vehicles; and</li> <li>(ii) for the general working capital of the Group</li> </ul>	<ul style="list-style-type: none"> <li>(i) HK\$24.2 million was applied for redemption of the convertible bonds of the Company in the principal amount of HK\$21 million in accordance with the terms of the convertible bonds (Note 1);</li> <li>(ii) HK\$59 million was applied for the general working capital requirement of the Group (Note 2); and</li> <li>(iii) the remaining balance of HK\$1.9 million has been deposited at the bank accounts of the Group which will be applied for the development of alternative energy vehicles and for the general working capital of the Group (Note 3)</li> </ul>
12 November 2009	Top-up placing of 105,000,000 Shares at HK\$0.713 per Share	HK\$71.5 million (Note 4)	<ul style="list-style-type: none"> <li>(i) For various investment opportunities in South Africa relating to public transport; and</li> <li>(ii) for the general working capital of the Group</li> </ul>	<ul style="list-style-type: none"> <li>(i) HK\$21 million was utilised for the general working capital requirements of the Group; and</li> <li>(ii) the remaining balance of HK\$50.5 million has been deposited at the bank accounts of the Group which will be utilised for the development of alternative energy vehicles and the various investment opportunities in South Africa relating to public transport and as general working capital of the Group (Note 3)</li> </ul>



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*Notes:*

1. The Directors considered that the redemption of the convertible bonds could help (i) to reduce the debt financing burden of the Company thereby improve the short term liquidity ratio of the Company; (ii) to reduce the potential dilutive effect on the earnings per Share, and was in the interests of the Company and the Group as a whole.
2. As at the Latest Practicable Date, the working capital requirements of the Group had been increased due to the procurement of certain bulk sales orders concluded recently.
3. As at the Latest Practicable Date, the aggregate funds of approximately HK\$52.4 million raised from the abovementioned fund-raising exercises has been deposited at the bank accounts of the Group, of which approximately HK\$22.4 million and HK\$20 million is expected to be used for the development of alternative energy vehicles and for the various investment opportunities in South Africa, respectively, and the remaining balance of approximately HK\$10 million will be used for the general working capital requirements of the Group.
4. The Company announced on 12 November 2009 that the estimated net proceeds from the top-up placing was approximately HK\$73.9 million, which was net of proceeds of HK\$1 million, but inadvertently did not taken into account the estimated placing commission of approximately HK\$2 million. The payment of the placing commission of approximately HK\$2 million was made upon completion of the placing. As a result, the Group recorded net proceeds of approximately HK\$71.5 million from the placing.

As illustrated in the above table, the Company has a successful track record of completing two fund-raising exercises. Save as disclosed, the Directors confirmed that the Company has not conducted any other fund-raising activities during the past twelve months immediately prior to the Latest Practicable Date. As noted from the table above, we noted that most of the net proceeds from the abovementioned fund-raising activities has been utilised as at the Latest Practicable Date and the actual use of proceeds was largely in line with the intended use of proceeds.

As stated in the 2009 interim report of the Company, the Group recorded bank balances and cash of approximately RMB27,265,000 as at 30 June 2009, representing a decrease of approximately 12.32% as compared to 31 December 2008. For the six months ended 30 June 2009, the Group recorded turnover of approximately RMB130,052,000, representing a substantial drop of approximately 56.92% as compared to the same corresponding period in 2008. Meanwhile, the Group recorded net loss of approximately RMB20,300,000 as compared to a profit of approximately RMB16,472,000 for the same corresponding period in 2008.

The Directors confirmed that the existing cash resources of the Group are sufficient for it to conduct its daily operations and the Group has sufficient working capital to meet its present requirements. However, in the event the Company identifies a suitable investment opportunity but does not have sufficient financial resources on hand, or is unable to obtain loan financing on favourable terms, or cannot find other alternatives to finance the acquisition of such investment opportunity in a timely manner, the Company may lose its bid in an otherwise favourable investment and also a favourable opportunity to expand its business portfolio.

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In addition, in light of the gradual recovery in the economy and the stock market, we were advised by the Directors that the Company is seeking potential investment opportunities and business developments of the Group in order to generate satisfactory return to the Shareholders. The Directors also confirmed that they have considered the possibility of appropriate financing of the Group when a specific project is identified. However, the Directors considered that prompt decision is critical to seize the opportunities arising from the prevailing market condition. As such, they considered that any financing by means of additional equity capital of the Company to be raised by the Issue Mandate will facilitate the Group to grasp such opportunities in a timely manner whenever they may arise.

In light of the above, we consider that it is reasonable for the Directors to propose the refreshment of the Existing General Mandate at the SGM so as to provide necessary financing flexibility for the Company to raise additional funds through the issue of new Shares for its future investments or business developments as and when an opportunity arises. As such, we are of the opinion that the refreshment of the Existing General Mandate is in the interests of the Company and the Independent Shareholders as a whole.

### **Financial flexibility**

As stated in the Letter from the Board, the Directors believe that the refreshment of the Existing General Mandate will enhance the flexibility of the Company to manage its business.

Given that (i) the Existing General Mandate has been substantially utilized; and (ii) any further Shares to be issued by the Company in excess of the limit of the Existing General Mandate will be subject to the approval from the Independent Shareholders at the special general meeting, which is rather lengthy, we thus consider that the refreshment of the Existing General Mandate will provide the Group with necessary financial flexibility as allowed under the Listing Rules to issue and allot new Shares to raise additional funds through the issue of new Shares for its future investments or business developments as and when an opportunity arises. Given the necessary financial flexibility available to the Company, we concur with the Directors' view that the refreshment of the Existing General Mandate is in the interests of the Company and the Independent Shareholders as a whole.

### **Other financing alternatives**

As discussed with the Directors, the Directors considered equity financing to be an important avenue of resources for the Group given its non-interest bearing nature. Other than equity financing, the Directors confirmed that they have also considered other financing alternatives, such as bank financing, debt financing and funding through its internal cash resources, to be other possible fund raising alternatives available to the Group. However, taking into consideration that both bank and debt financing may (i) incur substantial interest burden on the Group; and (ii) subject to lengthy due diligence and negotiations with the banks based on the Group's financial position, capital structure and the prevailing market condition, the Directors thus consider that such financings are rather uncertain and time-consuming as compared to equity financing and may not be the most appropriate financing alternative currently available to the Group. Further to our discussion with the Directors, the Directors confirmed that they have also considered other forms of pro rata

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## LETTER OF ADVICE FROM VINCO CAPITAL

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equity financing methods such as rights issue and open offer, yet, such financing methods would be subject to a lengthy process and would incur additional costs in form of underwriting commission and there would be no certainty that the Company would be able to procure favourable terms in such commercial underwriting. In view of the above, we consider that the refreshment of the Existing General Mandate will provide the Company an additional financing alternative for the Company to raise funds for its future investments or business developments and it is reasonable for the Company to have the flexibility in deciding the best financing methods for any future investments or business developments. Accordingly, we are of the view that the refreshment of the Existing General Mandate is in the interests of the Company and the Independent Shareholders as a whole.

### Potential dilution to shareholdings of the Shareholders

	<b>As at the Latest Practicable Date</b>		<b>Immediately after full utilisation of the proposed Issue Mandate</b>	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Zhong Da BVI ( <i>Note</i> )	294,004,000	28.44	294,004,000	23.70
<b>Public Shareholders</b>				
Shares which may be issued under the proposed Issue Mandate	–	–	206,774,743	16.67
Other public Shareholders	<u>739,869,719</u>	<u>71.56</u>	<u>739,869,719</u>	<u>59.63</u>
Total	<u>1,033,873,719</u>	<u>100.00</u>	<u>1,240,648,462</u>	<u>100.00</u>

*Note:* Zhong Da BVI is owned as to 57.22% by Mr. Xu Lian Guo and 42.78% by Mr. Xu Lian Kuan, both being the Directors.

For illustrative purpose, assuming (i) there is no further change in the issued share capital of the Company from the Latest Practicable Date and up to the date of the SGM; and (ii) upon full utilisation of the proposed Issue Mandate, 206,774,743 new Shares will be issued, representing 20% of the entire issued share capital of the Company as at the Latest Practicable Date, and approximately 16.67% of the then entire issued share capital of the Company as enlarged by the Shares issued under the proposed Issue Mandate.

The aggregate shareholding of the other public Shareholders will decrease from approximately 71.56% to 59.63% upon full utilisation of the proposed Issue Mandate, indicating a potential maximum dilution of approximately 11.93%. Taking into account that (i) the refreshment of the Existing General Mandate allows the Company to issue and allot new Shares to raise additional funds through the issue of new Shares; (ii) the refreshment of the Existing General Mandate provides the Company an additional financing alternative for the Company to raise funds for its future investments or business developments as and when opportunity arises; and (iii) the fact that the shareholdings of all Shareholders will be diluted proportionally to their respective shareholdings upon full utilisation of the proposed Issue Mandate, we are of the view that the abovementioned potential dilution to the shareholdings of the public Shareholders to be acceptable.

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## LETTER OF ADVICE FROM VINCO CAPITAL

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### CONCLUSION

Having taken into consideration the above principal factors and reasons, we are of the view that the refreshment of the Existing General Mandate is fair and reasonable so far as the Independent Shareholders are concerned and that the refreshment of the Existing General Mandate is in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders, and the Independent Shareholders, to vote in favour of the ordinary resolution to be proposed at the SGM to approve the refreshment of the Existing General Mandate.

Yours faithfully,  
For and on behalf of  
**Grand Vinco Capital Limited**  
**Alister Chung**  
*Managing Director*

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## NOTICE OF SGM

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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)

**NOTICE IS HEREBY GIVEN** that a special general meeting of Zhongda International Holdings Limited (the “**Company**”) will be held at 1609, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong on Wednesday, 17 March 2010 at 3:00 p.m. for the purpose of considering and, if thought fit, passing the following resolutions as ordinary resolutions of the Company:

#### ORDINARY RESOLUTIONS

(1) “**THAT**

- (a) subject to paragraph (c) below, the exercise by the directors of the Company during the Relevant Period of all the powers of the Company to allot, issue and deal with additional shares (the “**Shares**”) in the capital of the Company and to make or grant offers, agreements, options and rights of exchange or conversion which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) shall be in addition to any other authorisation given to the directors of the Company and shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements, options and rights of exchange or conversion which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the directors of the Company pursuant to the approval granted in paragraph (a), otherwise than pursuant to (i) a Rights Issue (as hereinafter defined), or (ii) a share option scheme or other similar arrangement of the Company approved by The Stock Exchange of Hong Kong Limited, or (iii) any scrip dividend or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares pursuant to the bye-laws of the Company, or (iv) the exercise of the rights of subscription or conversion under the terms of any bonds, warrants, debenture, notes and any securities which carry rights to subscribe for or are convertible into Shares shall not exceed 20 per cent. of the aggregate

\* For identification purposes only

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## NOTICE OF SGM

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nominal amount of the issued share capital of the Company as at the date of passing this resolution, and the said approval shall be limited accordingly; and

(d) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by law or the bye-laws of the Company to be held; or
- (iii) the date upon which the authority set out in this resolution is revoked or varied by way of ordinary resolution of the Company in general meeting; and

“Rights Issue” means an offer of Shares open for a period fixed by the directors of the Company to holders of Shares on the register on a fixed record date in proportion to their then holdings of such Shares (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction, or the requirements of any recognised regulatory body or any stock exchange, in any territory outside Hong Kong).”

(2) **“THAT**, subject to and conditional upon The Stock Exchange of Hong Kong Limited granting approval of the listing of, and permission to deal in, the Shares in the share capital of the Company to be issued pursuant to the exercise of options which may be granted under the Refreshed Scheme Mandate Limit (as defined below), the refreshment of the limit in respect of the granting of share options under the share option scheme adopted by the Company on 31 May 2007 up to a new 10 per cent. limit (the **“Refreshed Scheme Mandate Limit”**) be and is hereby approved provided that:

- (a) the total number of Shares which may be issued upon exercise of options to be granted under such scheme after the date of the passing of this Resolution, together with all options to be granted under any other share option scheme(s) of the Company on or after the date of passing this Resolution, must not exceed 10 per cent. of the number of Shares in issue as at the date of passing this Resolution; and

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## NOTICE OF SGM

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- (b) options granted prior to the date of passing this Resolution under the such scheme or any other share option scheme(s) of the Company (including without limitation those outstanding, cancelled, lapsed or exercised in accordance with such scheme or such other scheme(s) of the Company) shall not be counted for the purpose of calculating the Refreshed Scheme Mandate Limit and any director of the Company be and is hereby authorised to do such act and execute such document to effect the Refreshed Scheme Mandate Limit.”

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

Hong Kong, 26 February 2010

*Principal place of business in Hong Kong:*

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

*Notes:*

- (1) Any member entitled to attend and vote at the meeting is entitled to appoint another person as his proxy to attend and vote in his stead. A member who is the holder of two or more shares of the Company may appoint one or more proxies to attend and vote instead of him/her. A proxy need not be a member of the Company.
- (2) A form of proxy for use at the meeting is enclosed.
- (3) The form of proxy must be signed by you or your attorney duly authorised in writing or, in the case of a corporation, must be under its seal or the hand of an officer, attorney or other person duly authorised.
- (4) The form of proxy and the power of attorney or other authority, if any, under which it is signed or a notorially certified copy thereof 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 later than 48 hours before the time appointed for holding the meeting or any adjourned meeting (as the case may be) and in default the proxy shall not be treated as valid. Completion and return of the form of proxy shall not preclude members from attending and voting in person at the meeting or at any adjourned meeting (as the case may be) should they so wish.
- (5) Where there are joint registered holders of any share, any one of such persons may vote at any meeting, either in personal 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 be present at the meeting personally or by proxy, the vote of that one of the said persons so present whose name stands first on the register of members in respect of such share shall be accepted to the exclusion of the votes of the other joint holders.
- (6) 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 Xinzong as independent non-executive directors of the Company respectively.