



Zhongda International Holdings Limited  
**中大國際控股有限公司**

(Incorporated in Bermuda with limited liability)  
(stock code: 00909)

# Interim Report 2011



**CONTENTS**

Corporate Information	2
Management Discussion and Analysis	3
Condensed Consolidated Income Statement	6
Condensed Consolidated Statement of Comprehensive Income	7
Condensed Consolidated Statement of Financial Position	8
Condensed Consolidated Statement of Changes in Equity	10
Condensed Consolidated Statement of Cash Flows	12
Notes to the Condensed Consolidated Financial Statements	13
Other Information	35

## CORPORATE INFORMATION

### 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

### NON-EXECUTIVE DIRECTOR

Mr. Leung Kwok Chun

### INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Gu Yao Tian  
Mr. Sun Ka Ziang Henry  
Mr. Li Xinzong

### AUDIT COMMITTEE

Mr. Sun Ka Ziang Henry (*Chairman*)  
Mr. Gu Yao Tian  
Mr. Li Xinzong

### REMUNERATION COMMITTEE

Mr. Gu Yao Tian (*Chairman*)  
Mr. Li Xinzong  
Mr. Zhang Yuqing

### COMPANY SECRETARY

Mr. Fu Yan Ming

### REGISTERED OFFICE

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

### HEAD OFFICE

No. 100  
Kai Fang Da Dao  
Yancheng  
Jiangsu Province  
PRC

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

### PRINCIPAL BANKERS

Hang Seng Bank Limited  
The Hongkong and Shanghai Banking Corporation Limited  
DBS Bank (Hong Kong) Limited  
Standard Chartered Bank (Hong Kong) Limited  
Agricultural Bank of China, Yancheng Branch  
China Minsheng Banking Corp., Ltd., Nanjing Branch  
Bank of Jiangsu, Yancheng Branch  
Bank of China, Yancheng Branch

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

HSBC Securities Services (Bermuda) Limited  
6 Front Street  
Hamilton HM 11  
Bermuda

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Standard Limited  
26th Floor  
Tesbury Centre  
28 Queen's Road East  
Wanchai  
Hong Kong

### AUDITORS

SHINewing (HK) CPA Limited  
*Certified Public Accountants*

### LEGAL ADVISORS

Sidley Austin

### STOCK CODE

00909

## MANAGEMENT DISCUSSION AND ANALYSIS

### Revenue

During the period under review, the global economic environment remains uncertain. The Group's revenue was dropped by 16.4% to approximately RMB211.4 million as compared with last year. The main reason behind was due to the restructure of the bus manufacturing business. Consequently, the revenue of that segment was dropped from approximately RMB53.1 million to RMB1.7 million accordingly.

### Automobile Repair and Maintenance Equipment

This segment comprises mainly automobile spray booths and car lifters sales. Although export sales remained sluggish, it recorded a turnover of approximately RMB11.5 million, representing a slightly increase by 5.1% when compared with the previous period. Regarding the PRC market sales, it recorded a turnover of RMB104.9 million which showed growth of 39.1% when compared with last year. The overall turnover increased by 34.8% up to approximately RMB116.5 million when compared with last year. We will continue maintaining our competitiveness in the industry.

### Trading of Automobile Spare Parts

Yancheng Zhongda Automobiles Equipment Co. Ltd. is the procurement center for both the Group and the Zhongda Industrial Group Corporation. The turnover of this segment was approximately RMB74.6 million with a decrease of 31.7% when compared with last period. It was mainly due to the adverse economic environment amongst Europe and United States of America which slowed down the demand of materials. Moving forward, we are still planning to upgrade this platform to serve our affiliate companies and joint ventures. In the long run, we would expand and open this platform to serve outside customers.

### Zhongwei Bus

Zhongwei Bus is our associated company which is specialized in manufacturing long-haul coaches. Its products have been exported to over 40 countries around the world. During the first six months of the year, the export sales of Zhongwei Bus have dropped as a result of the uncertainty of global economy. Consequently, this segment recorded an operating loss. Meanwhile, the situation is going to be improved when the export orders to South Africa begins.

### Overseas Project

During the period, the Group is still in the process of concluding a joint venture with South Africa National Taxi Council (“SANTACO”) to build and operate the first nationwide electronic fare management system in South Africa exclusively. At the same time, we and SANTACO will also focus to sell and deliver our tailor-made minibus and coaches to the country.

## FINANCIAL REVIEW AND LIQUIDITY

### Gross Margin

Due to market consolidation of automobile repair and maintenance equipment, the gross profit margin of the period increased from 17.1% to 18.2% when compared with the same period last year.

### Net Loss

The Group has recorded a net loss of approximately RMB27.2 million when compared with a net loss of approximately RMB10.9 million of last period. Basic loss per share for the period was RMB2.49 cents.

### Liquidity

Liquidity as measured by current ratio (defined as “Current Assets/Current Liabilities”) with a ratio of 1.2x during the period was considered as still acceptable. Regarding the current assets, approximately 44.6% were cash and bank deposit.

### Leverage

Net gearing ratio (defined as “Total bank debts – Cash available/Total Net Worth”) was null during the period which in line with the financial year ended 2010. The Group will continue to take effort to retain its leverage at a very satisfactory level.

As at 30 June 2011, cash and bank balances of the Group amounted to approximately RMB354.5 million (31 December 2010: RMB336.6 million). Cash is mainly denominated in Renminbi and Hong Kong Dollars. The short term bank loans was amounted to approximately RMB118.8 million (31 December 2010: RMB145.4 million) which representing a decrease of approximately RMB26.5 million.

The interest rates of bank borrowings ranged between 2.05% and 6.73% per annum (31 December 2010: between 2.03% and 7.00%). The collaterals provided for these bank borrowings mainly comprised certain land use rights and buildings of the subsidiaries of the Group. The revenue of the Group was mainly denominated in Renminbi and US Dollar, and the borrowings were mainly settled in Renminbi. The directors are of the view that since the exchange rate between Renminbi and US Dollar is relatively stable, there is no significant risk in relation to foreign exchange fluctuation.

### **Assets**

As at 30 June 2011, the net asset value of the Group amounted to approximately RMB398.0 million (31 December 2010: RMB406.8 million), representing a decrease of approximately 2.2%. Net current assets amounted to approximately RMB128.3 million (31 December 2010: RMB127.8 million), an increase of approximately 0.4% from last year.

### **PROSPECT**

The recent outbreak of sovereign debt crisis amongst western countries is still casting its effect over all sectors globally. With worldwide co-operation to curb the spread of an economic depression, the situation is still fluctuating and the signal of recovery is still blur. With the co-operation with SANTACO, the Group will continue to develop and explore our business in these areas. In addition, we have increased our effort to exploit domestic markets especially in those provinces in western and north-western part in the PRC.

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

### **EMPLOYEE REMUNERATION POLICIES**

As at 30 June 2011, the Group employed a total of 1,300 (31 December 2010: 1,300) full time employees.

The Group provides remuneration package to employees largely based on industry practice, individual performance, qualification and experience. In addition, discretionary bonus and share option may be granted to eligible staff by reference to the Group's performance and individual performance. The Group also provides other benefits to its employees such as medical and statutory retirement benefits for both the directors and employees.

**CONDENSED CONSOLIDATED INCOME STATEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2011**

		<b>For the six months ended 30 June</b>	
		<b>2011</b>	2010
		<b>RMB'000</b>	RMB'000
		<b>(Unaudited)</b>	(Unaudited)
<i>Notes</i>			
	Revenue	211,375	252,847
	Cost of sales	<b>(172,810)</b>	(209,589)
	Gross profit	<b>38,565</b>	43,258
	Other revenue	<b>4,592</b>	4,228
	Change in fair value of investment properties	–	(539)
	Selling and distribution expenses	<b>(13,183)</b>	(10,851)
	Administrative expenses	<b>(35,293)</b>	(32,035)
	Finance costs	<b>(14,933)</b>	(11,446)
	Share of loss of associates	<b>(4,535)</b>	(1,460)
	Loss before tax	<b>(24,787)</b>	(8,845)
	Income tax expense	<b>(2,406)</b>	(2,056)
	Loss for the period	<b>(27,193)</b>	(10,901)
	Loss for the period attributable to:		
	Owners of the Company	<b>(26,918)</b>	(5,972)
	Non-controlling interests	<b>(275)</b>	(4,929)
		<b>(27,193)</b>	(10,901)
	Loss per share	<b>RMB</b>	RMB
	– Basic and diluted (cents per share)	<b>(2.49 cents)</b>	(0.53 cents)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2011**

	<b>For the six months ended 30 June</b>	
	<b>2011</b>	2010
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Loss for the period	<b>(27,193)</b>	(10,901)
Other comprehensive expense		
Exchange differences arising on translation	<b>(3,559)</b>	(496)
Total comprehensive expense for the period	<b>(30,752)</b>	(11,397)
Total comprehensive expense attributable to:		
Owners of the Company	<b>(30,477)</b>	(6,468)
Non-controlling interests	<b>(275)</b>	(4,929)
	<b>(30,752)</b>	(11,397)



**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2011**

	<i>Notes</i>	<b>30 June 2011 RMB'000 (Unaudited)</b>	31 December 2010 RMB'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	11	52,570	56,460
Prepaid lease payments		6,663	6,755
Investment properties	11	106,320	123,016
Interests in associates	12	14,972	19,507
Prepayments for investments	13	94,799	78,894
		<b>275,324</b>	284,632
<b>Current assets</b>			
Prepaid lease payments		184	184
Inventories		26,239	30,128
Amounts due from related companies	14	55,430	62,743
Amounts due from associates	15	195,822	101,480
Trade receivables	16	54,147	52,575
Amounts due from customers for contract work	17	46,928	44,293
Held for trading investments		3,080	4,964
Prepayments and other receivables		59,251	49,514
Restricted deposit placed in a financial institution		40,000	6,000
Deposits placed in financial institutions		–	15,023
Restricted bank balances		121,955	80,066
Pledged bank deposit		–	9,729
Bank balances and cash		192,530	225,746
		<b>795,566</b>	682,445

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)**  
**AS AT 30 JUNE 2011**

	<i>Notes</i>	<b>30 June 2011 RMB'000 (Unaudited)</b>	31 December 2010 RMB'000 (Audited)
<b>Current liabilities</b>			
Amounts due to customers for contract work	17	38,343	38,861
Trade and bills payables	18	395,888	267,817
Advance receipt from customers		6,354	5,706
Other payables and accruals		62,049	48,222
Amount due to an associate		–	4,661
Amounts due to related companies		3,983	3,766
Amounts due to directors		562	7,178
Tax payable		32,645	33,049
Bank borrowings	19	118,826	145,361
Derivative financial instruments	20	8,624	–
		<b>667,274</b>	554,621
<b>Net current assets</b>			
		<b>128,292</b>	127,824
<b>Total assets less current liabilities</b>			
		<b>403,616</b>	412,456
<b>Capital and reserves</b>			
Share capital	21	103,720	100,784
Reserves		292,307	303,781
Equity attributable to owners of the Company		396,027	404,565
Non-controlling interests		1,967	2,242
<b>Total equity</b>			
		<b>397,994</b>	406,807
<b>Non-current liability</b>			
Deferred tax liabilities		5,622	5,649
		<b>403,616</b>	412,456

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED 30 JUNE 2011**

	Attributable to owners of the Company										
	Share capital	Share premium	Share Revaluations reserve	Reserve fund (Note)	Enterprise expansion fund (Note)	Share options reserve	Translation reserve	Retained profits	Sub-total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2011 (Audited)	100,784	235,441	2,372	2,700	2,700	17,950	(24,447)	67,065	404,565	2,242	406,807
Loss for the period	-	-	-	-	-	-	-	(26,918)	(26,918)	(275)	(27,193)
Other comprehensive (expense) income	-	-	(2,372)	-	-	-	(3,559)	2,372	(3,559)	-	(3,559)
Total comprehensive expense for the period	-	-	(2,372)	-	-	-	(3,559)	(24,546)	(30,477)	(275)	(30,752)
Issue of shares in relation to granting of equity line facilities	333	1,842	-	-	-	-	-	-	2,175	-	2,175
Issue of shares upon exercise of warrants	2,603	17,161	-	-	-	-	-	-	19,764	-	19,764
At 30 June 2011 (Unaudited)	103,720	254,444	-	2,700	2,700	17,950	(28,006)	42,519	396,027	1,967	397,994

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)  
FOR THE SIX MONTHS ENDED 30 JUNE 2011**

	Attributable to owners of the Company							Total equity RMB'000		
	Share capital RMB'000	Share premium RMB'000	Reserve fund (Note) RMB'000	Enterprise expansion fund (Note) RMB'000	Share options reserve RMB'000	Translation reserve RMB'000	Retained profits RMB'000		Sub-total RMB'000	Non-controlling interests RMB'000
At 1 January 2010 (Audited)	99,166	224,261	2,720	2,720	13,654	(16,939)	47,836	373,418	1,027	374,445
Loss for the period	-	-	-	-	-	-	(5,972)	(5,972)	(4,929)	(10,901)
Other comprehensive expense	-	-	-	-	-	(496)	-	(496)	-	(496)
Total comprehensive expense for the period	-	-	-	-	-	(496)	(5,972)	(6,468)	(4,929)	(11,397)
Placing of new shares, net of expenses	1,607	11,406	-	-	-	-	-	13,013	-	13,013
At 30 June 2010 (Unaudited)	100,773	235,667	2,720	2,720	13,654	(17,435)	41,864	379,963	(3,902)	376,061

Note: According to the rules and regulations applicable to the Group's subsidiaries in the People's Republic of China (the "PRC"), when distributing net income of each year, these subsidiaries shall set aside a portion of their income as reported in their statutory financial statements for the reserve fund and enterprise expansion fund. Such amounts appropriated are determined at the discretion of the Board of Directors of the Company. These reserves cannot be used for purposes other than for which they are created and are not distributable as cash dividend.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE SIX MONTHS ENDED 30 JUNE 2011**

	<b>For the six months ended 30 June</b>	
	<b>2011 RMB'000 (Unaudited)</b>	<b>2010 RMB'000 (Unaudited)</b>
Cash generated from operations	<b>54,737</b>	100,895
Less: Income tax paid	<b>(2,810)</b>	(545)
Net cash generated from operating activities	<b>51,927</b>	100,350
Net cash (used in) generated from investing activities	<b>(49,172)</b>	19,332
Net cash used in financing activities	<b>(35,333)</b>	(28,398)
Net (decrease) increase in cash and cash equivalents	<b>(32,578)</b>	91,284
Cash and cash equivalents at beginning of the period	<b>225,746</b>	79,599
Effect of foreign exchange rate changes	<b>(638)</b>	(501)
Cash and cash equivalents at end of the period represented by bank balances and cash	<b>192,530</b>	170,382
Represented by:		
Bank balances and cash	<b>192,530</b>	176,495
Bank overdrafts	-	(6,113)
	<b>192,530</b>	170,382

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2011****1. GENERAL INFORMATION**

Zhongda International Holdings Limited (the “Company”) is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Its parent and ultimate parent is Zhong Da (BVI) Limited (incorporated in the British Virgin Islands).

The condensed consolidated financial statements are presented in Renminbi (“RMB”), which is the same as the functional currency of the Company. RMB is the currency of the primary economic environment in which the subsidiaries of the Company operate (functional currency of the subsidiaries).

The principal activities of the Company and its subsidiaries (collectively referred as the “Group”) are principally engaged in the development, manufacture and sales of automobile equipment and buses and trading of automobile spare parts.

**2. BASIS OF PREPARATION**

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

**3. SIGNIFICANT ACCOUNTING POLICIES**

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2011 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2010, except as described below.

In current interim period, the Group has applied, for the first time, the following new or revised standards and interpretations (“new or revised HKFRSs”) issued by the HKICPA.

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The application of the above new and revised HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

The Group has not early applied new or revised standards that have been issued but are not yet effective. The following new or revised standards have been issued after the date the consolidated financial statements for the year ended 31 December 2010 were authorised for issuance and are not yet effective:

HKAS 27 (as revised in 2011)	Separate Financial Statements <sup>1</sup>
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures <sup>1</sup>
HKFRS 10	Consolidated Financial Statements <sup>1</sup>
HKFRS 11	Joint Arrangement <sup>1</sup>
HKFRS 12	Disclosure of Interests in Other Entities <sup>1</sup>
HKFRS 13	Fair Value Measurement <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2013.

The five new or revised standards on consolidation, joint arrangements and disclosures were issued by the HKICPA in June 2011 and are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all five new or revised standards are applied early at the same time. The directors of the Company anticipate that these new or revised standards will be applied in the Group's consolidated financial statements for financial year ending 31 December 2013 and the potential impact is described below.

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements. Under HKFRS 10, there is only one basis for consolidation, that is control. In addition, HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios. Overall, the application of HKFRS 10 requires a lot of judgement. The directors of the Company are in the process of assessing the impact from the application of HKFRS 10 on the results and consolidated financial position of the Group.

HKFRS 11 replaces HKAS 31 "Interests in Joint Ventures". HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, there are two types of joint arrangements: joint ventures and joint operations. The classification in HKFRS 11 is based on parties' rights and obligations under the arrangements. In contrast, under HKAS 31, there are three different types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. The directors of the Company are in the process of assessing the impact from the application of HKFRS 11 on the results and consolidated financial position of the Group.

Other than disclosed above, the directors of the Company anticipate that the application of the new or revised standards will have no material impact on the results and the financial position of the Group.



#### 4. SEGMENT INFORMATION

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

For the six months ended 30 June 2011 (unaudited)

	<b>Automobile equipment RMB'000</b>	<b>Buses RMB'000</b>	<b>Automobile spare parts RMB'000</b>	<b>Property investment RMB'000</b>	<b>Total RMB'000</b>
REVENUE	131,080	1,722	74,573	4,000	211,375
RESULTS					
Segment results	2,489	1,657	5,583	4,000	13,729
Unallocated corporate expenses					(20,475)
Share of loss of associates					(4,535)
Interest income					1,427
Finance costs					(14,933)
Loss before tax					(24,787)

For the six months ended 30 June 2010 (unaudited)

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

#### 4. SEGMENT INFORMATION (Continued)

The following is an analysis of the Group's assets as at 30 June 2011 and 31 December 2010 by reportable segment:

	<b>30 June 2011 RMB'000 (Unaudited)</b>	31 December 2010 RMB'000 (Audited)
Automobile equipment	<b>254,638</b>	277,508
Buses	<b>758</b>	5,507
Automobile spare parts	<b>178,076</b>	103,981
Property investment	<b>106,320</b>	123,016
Total segment assets	<b>539,792</b>	510,012
Unallocated corporate assets	<b>531,098</b>	457,065
Consolidated assets	<b>1,070,890</b>	967,077

#### 5. REVENUE

	<b>For the six months ended 30 June</b>	
	<b>2011 RMB'000 (Unaudited)</b>	2010 RMB'000 (Unaudited)
Sales of goods	<b>191,500</b>	240,842
Revenue from construction contracts	<b>14,153</b>	5,853
Commission income	<b>1,722</b>	2,152
Rental income	<b>4,000</b>	4,000
	<b>211,375</b>	252,847

## 6. FINANCE COSTS

	<b>For the six months ended 30 June</b>	
	<b>2011 RMB'000 (Unaudited)</b>	<b>2010 RMB'000 (Unaudited)</b>
Interest on bank overdrafts, bank borrowings wholly repayable within five years	<b>6,768</b>	7,293
Interest on discounted bills	<b>8,165</b>	4,153
	<b>14,933</b>	11,446

## 7. LOSS BEFORE TAX

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

	<b>For the six months ended 30 June</b>	
	<b>2011 RMB'000 (Unaudited)</b>	<b>2010 RMB'000 (Unaudited)</b>
Depreciation on property, plant and equipment	<b>3,205</b>	4,345
Amortisation on prepaid lease payments	<b>92</b>	485
Gain on disposal of property, plant and equipment	-	(1,495)
Loss on disposal of investment property	<b>240</b>	-

**8. INCOME TAX EXPENSE**

	<b>For the six months ended 30 June</b>	
	<b>2011 RMB'000 (Unaudited)</b>	<b>2010 RMB'000 (Unaudited)</b>
Current tax:		
–PRC Enterprise Income Tax (“EIT”)	<b>2,406</b>	2,279
Deferred tax:		
–Current period	–	(223)
	<b>2,406</b>	2,056

No provision for Hong Kong Profits Tax has been made for the six months ended 30 June 2011 and 2010 as the Group does not have any assessable profits subject to Hong Kong Profits Tax for the period.

In accordance with the relevant rules and regulations in the PRC, all PRC subsidiaries are subject to EIT at a rate of 25% (2010: 25%).

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

**9. DIVIDENDS**

No dividends were paid, declared or proposed during the reported period. The directors do not recommend the payment of an interim dividend (2010: Nil).

## 10. LOSS PER SHARE

The calculation of the basic loss per share is based on the Group's loss attributable to owners of the Company of approximately RMB26,918,000 (2010: RMB5,972,000) and the weighted average number of ordinary shares of approximately 1,081,631,000 (2010: 1,135,819,000) in issue during the period.

No diluted loss per share is presented for the six months ended 30 June 2011 and 30 June 2010 as the exercise of share options and warrants would result in reduction in loss per share.

## 11. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

During the six months ended 30 June 2011, the Group spent approximately RMB119,000 (2010: RMB2,679,000) on additions to property, plant and equipment. The carrying value of property, plant and equipment being disposed of during the period was amounted to Nil (2010: RMB1,655,000).

During the six months ended 30 June 2011, the carrying value of investment properties being disposed of was amounted to RMB16,000,000 (2010: nil). In the opinion of the directors of the Company, there are no material difference between the carrying amounts of the investment properties and their fair values at 30 June 2011 and 31 December 2010.

## 12. INTERESTS IN ASSOCIATES

	<b>30 June 2011 RMB'000 (Unaudited)</b>	31 December 2010 RMB'000 (Audited)
Cost of investment in unlisted associates	<b>18,464</b>	18,464
Share of post-acquisition (loss) profit and other comprehensive (expense) income	<b>(3,492)</b>	1,043
	<b>14,972</b>	19,507

### 13. PREPAYMENTS FOR INVESTMENTS

As at 30 June 2011, the Group had deposits paid for acquisitions of subsidiaries of approximately RMB86,153,000 (31 December 2010: RMB70,248,000), included in prepayments for investments as stated in the condensed consolidated statement of financial position of RMB94,799,000 (31 December 2010: RMB78,894,000).

Pursuant to a sale and purchase agreement (the "Agreement") entered into by the Group on 4 November 2010 relating to the acquisition of the entire interest of Cherry Hill Enterprise Ltd., the Group further paid a refundable deposit of approximately RMB15,905,000 to Caesar Overseas Enterprise Inc. ("Caesar Overseas"), a related company of the Group, during the six months ended 30 June 2011.

On 30 June 2011, the Group entered into a supplemental agreement with Zhongda Electric Vehicle Company Limited, a related company of the Group, and Mr. Cao Qing Shan ("Mr. Cao"), an independent third party of the Group, to amend certain terms and conditions of the agreement dated 4 November 2010, which relating to the acquisition of 65% equity interest in Nanjing Zhongda QingShan Electric Vehicle Company Limited. On the same date, the Group also entered into another supplemental agreement with Caesar Overseas and Mr. Cao to amend certain terms and conditions of the Agreement.

The details of the aforesaid supplemental agreements were set out in the Company's announcement dated 30 June 2011.

#### 14. AMOUNTS DUE FROM RELATED COMPANIES

Amounts due from related companies disclosed pursuant to Section 161B of the Hong Kong Companies Ordinance are as follows:

	<b>30 June 2011 RMB'000 (Unaudited)</b>	31 December 2010 RMB'000 (Audited)	Maximum amount outstanding during the period RMB'000
Yancheng Zhongda Automobile Service Co., Ltd. <sup>1</sup>	1	1	1
Zhongda Industrial Group Corporation ("Zhongda Industrial Group") <sup>1</sup>	–	5,085	5,085
Yancheng Zhongda International Trading Co. Ltd. ("International Trading") <sup>1</sup>	<b>54,538</b>	55,071	55,071
Yancheng Celette Body Repairing Equipment Co., Ltd. ("Yancheng Celette") <sup>2</sup>	<b>886</b>	888	888
Nanjing Zhongda Electric Vehicle Company Limited <sup>2</sup>	–	1,698	1,698
Yancheng Sheung Tong Auto Sales Co., Ltd. <sup>3</sup>	<b>5</b>	–	5
	<b>55,430</b>	<b>62,743</b>	

<sup>1</sup> Xu Lian Guo and Xu Lian Kuan are the common directors with beneficial interests.

<sup>2</sup> Xu Lian Guo and Xu Lian Kuan are the common directors.

<sup>3</sup> A subsidiary of Zhongda Industrial Group.

The amounts are unsecured, interest-free and mainly trading in nature.

#### 14. AMOUNTS DUE FROM RELATED COMPANIES (Continued)

The Group allows credit period of 30 to 180 days (2010: 30 to 180 days) to its related companies. The following is an aged analysis of its related companies net of impairment loss on amounts due from related companies based on the invoice date at the end of the reporting period.

	<b>30 June 2011 RMB'000 (Unaudited)</b>	31 December 2010 RMB'000 (Audited)
0 to 180 days	<b>54,542</b>	56,456
181 to 365 days	<b>888</b>	6,287
<b>Total</b>	<b>55,430</b>	62,743

#### 15. AMOUNTS DUE FROM ASSOCIATES

Amounts due from associates disclosed pursuant to Section 161B of the Hong Kong Companies Ordinance is as follows:

	<b>30 June 2011 RMB'000 (Unaudited)</b>	31 December 2010 RMB'000 (Audited)	Maximum amount outstanding during the period RMB'000
Zhongda EMS Limited	<b>658</b>	680	680
Yancheng Zhongwei Bus Manufacturing Co., Ltd. ("Zhongwei Bus")	<b>164,469</b>	86,126	164,469
Yancheng Zhongda Industrial Equipment Manufacture Co., Ltd.	<b>23,717</b>	14,674	23,717
Nanjing Zhongda Jinling Double- Decker Bus Manufacture Co. Ltd.	<b>6,978</b>	–	6,978
	<b>195,822</b>	101,480	

The amounts are unsecured, interest-free and trading in nature.



### 15. AMOUNTS DUE FROM ASSOCIATES (Continued)

The Group allows credit period of 365 days (2010: 365 days) to its associates. The following is an aged analysis of its associates based on the invoice date at the end of the reporting period.

	<b>30 June 2011 RMB'000 (Unaudited)</b>	31 December 2010 RMB'000 (Audited)
0 to 365 days	<b>195,822</b>	101,480

### 16. TRADE RECEIVABLES

	<b>30 June 2011 RMB'000 (Unaudited)</b>	31 December 2010 RMB'000 (Audited)
Trade receivables	<b>137,664</b>	136,092
Less: Impairment loss recognised	<b>(83,517)</b>	(83,517)
	<b>54,147</b>	52,575

The Group allows credit period ranging from 30 to 180 days to its trade customers as at 30 June 2011 (31 December 2010: 30 to 180 days). The following is an aged analysis of trade receivables net of impairment loss recognised on trade receivables presented based on the invoice date at the end of the reporting period.

	<b>30 June 2011 RMB'000 (Unaudited)</b>	31 December 2010 RMB'000 (Audited)
0 to 180 days	<b>48,495</b>	40,816
181 to 365 days	<b>4,823</b>	11,759
Over 1 year	<b>829</b>	–
Total	<b>54,147</b>	52,575

## 16. TRADE RECEIVABLES (Continued)

Included in the Group's trade receivables are debtors with an aggregate carrying amount of approximately RMB40,236,000 (2010: RMB47,724,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss as there has not been a significant change in credit quality and the amounts are still considered recoverable by the directors. The Group does not hold any collateral over these balances.

## 17. AMOUNTS DUE FROM (TO) CUSTOMERS FOR CONTRACT WORK

	<b>30 June 2011 RMB'000 (Unaudited)</b>	31 December 2010 RMB'000 (Audited)
Contracts in progress at the end of the reporting period:		
Contract costs incurred plus recognised profits less recognised losses	<b>34,308</b>	32,743
Less: progress payments	<b>(25,723)</b>	(27,311)
	<b>8,585</b>	5,432
Analysed for reporting purposes as:		
Amounts due from customers for contract work	<b>46,928</b>	44,293
Amounts due to customers for contract work	<b>(38,343)</b>	(38,861)
	<b>8,585</b>	5,432

At 30 June 2011, retentions held by customers for contract works amounted to approximately RMB2,650,000 (31 December 2010: RMB2,544,000). There was no advance received from customers for contract work as at 30 June 2011 (31 December 2010: Nil).

## 18. TRADE AND BILLS PAYABLES

The following is an aged analysis of trade and bills payables presented based on the invoice date at the end of the reporting period.

	<b>30 June 2011 RMB'000 (Unaudited)</b>	31 December 2010 RMB'000 (Audited)
0 to 180 days	<b>86,495</b>	89,881
181 to 365 days	<b>20,053</b>	11,591
1 to 2 years	<b>9,402</b>	8,997
Over 2 years	<b>17,027</b>	8,030
	<b>132,977</b>	118,499
Bills payable	<b>262,911</b>	149,318
	<b>395,888</b>	267,817

The average credit period on purchases of goods is ranging from one to six months as at 30 June 2011 (31 December 2010: one to six months). The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

At 30 June 2011, the Group's bills payable was secured by restricted bank balances and restricted deposit placed in a financial institution of approximately RMB121,955,000 (31 December 2010: RMB80,066,000) and RMB40,000,000 (31 December 2010: RMB6,000,000) respectively and corporate guarantees issued by Zhongda Industrial Group, a related company of the Company, and certain assets of Zhongda Industrial Group.

## 19. BANK BORROWINGS

	<b>30 June 2011 RMB'000 (Unaudited)</b>	31 December 2010 RMB'000 (Audited)
Bank borrowings:		
– Secured	<b>72,357</b>	92,102
– Unsecured	<b>46,469</b>	53,259
	<b>118,826</b>	145,361
Carrying amounts repayable:		
– On demand or within one year	<b>118,826</b>	145,361

As at 30 June 2011, the Group's bank borrowings were subject to fixed and variable interest rates ranging from 2.05% to 6.73% (31 December 2010: 2.03% to 7.00%) per annum.

The Group's borrowings that are denominated in currency other than the functional currency of the relevant group entities are set out below:

	RMB'000
As at 30 June 2011 (Unaudited)	<b>15,827</b>
As at 31 December 2010 (Audited)	15,361

At 30 June 2011, bank loans of approximately RMB72,357,000 (31 December 2010: RMB92,102,000) were secured by certain of the Group's prepaid lease payments with net carrying values of approximately RMB6,847,000 (31 December 2010: RMB6,939,000), buildings with net carrying value of approximately RMB8,120,000 (31 December 2010: RMB8,465,000) and investment properties with fair values of approximately RMB106,320,000 (31 December 2010: RMB122,405,000).

At 30 June 2011, bank loans of approximately RMB46,469,000 (31 December 2010: RMB53,259,000) were secured by corporate guarantees issued by an independent third party and Zhongda Industrial Group, a related company of the Company, and certain assets of Zhongda Industrial Group.

## 20. DERIVATIVE FINANCIAL INSTRUMENTS

On 26 January 2011, the Company completed to place 206,500,000 unlisted warrants to six independent places not connected to the Group, at the issue price of HK\$0.01 per warrant and the subscription price of HK\$0.59 per warrant share. The warrant shares would be allotted and issued under the general mandate which was granted to the directors at the special general meeting of the Company on 17 March 2010.

Relevant details are set out in the announcements of the Company dated 8 July 2010 and 26 January 2011.

## 21. SHARE CAPITAL

	Number of shares	HK\$'000	Equivalent to RMB'000
Ordinary shares of HK\$0.10 each			
<i>Authorised:</i>			
At 1 January 2010, 31 December 2010, 1 January 2011 and 30 June 2011	<b>10,000,000,000</b>	<b>1,000,000</b>	
<i>Issued and fully paid:</i>			
At 1 January 2010	1,033,873,719	103,388	99,166
Placing of new shares	18,450,000	1,845	1,618
At 31 December 2010 and 1 January 2011	<b>1,052,323,719</b>	<b>105,233</b>	<b>100,784</b>
Exercise of warrants	<b>30,974,000</b>	<b>3,097</b>	<b>2,603</b>
Shares issued	<b>3,960,547</b>	<b>396</b>	<b>333</b>
At 30 June 2011	<b>1,087,258,266</b>	<b>108,726</b>	<b>103,720</b>

## 22. RELATED PARTY TRANSACTIONS

(A) During the six months ended 30 June 2011, the Group had the following transactions with its related companies:

	<b>For the six months ended 30 June</b>	
	<b>2011</b>	2010
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Transactions with Zhongda Industrial Group <sup>4</sup> :		
– Service fee expense (a)	<b>375</b>	375
– Patent fee expense (b)	<b>100</b>	100
– Trademark fee expense (c)	<b>75</b>	75
– Rental expense for office premises (d)	<b>50</b>	50
Transactions with Yancheng Celette <sup>5</sup> :		
– Purchases of products (e)	<b>4,152</b>	5,418
– Sales of products and raw materials (f)	<b>2,617</b>	3,317
Transactions with Zhongwei Bus <sup>2</sup> :		
– Sales of products and raw materials (g)	<b>55,553</b>	106,431
– Rental income for investment properties (h)	<b>4,000</b>	4,000
Transactions with International Trading <sup>4</sup> :		
– Sales commission income (i)	<b>2,157</b>	2,152
Transactions with Jiangsu Zhongda Sankyo Automobile Equipment Co., Ltd. <sup>1</sup> :		
– Rental expense for office premise (j)	<b>150</b>	150
Transactions with Yancheng Sheung Tong <sup>3</sup> :		
– Sales of raw materials (k)	<b>5</b>	5
Transactions with Yancheng Zhongda Industrial Equipment Manufacture Co., Ltd. <sup>2</sup> :		
– Sales of products (l)	<b>4,532</b>	–

## 22. RELATED PARTY TRANSACTIONS (Continued)

(A) During the six months ended 30 June 2011, the Group had the following transactions with its related companies: (Continued)

- <sup>1</sup> It is an associate of Zhongda Industrial Group.
- <sup>2</sup> It is an associate of the Group.
- <sup>3</sup> It is a subsidiary of Zhongda Industrial Group.
- <sup>4</sup> Xu Lian Guo and Xu Lian Kuan are the common directors with beneficial interests.
- <sup>5</sup> Xu Lian Guo and Xu Lian Kuan are the common directors.

Details and terms of the above transactions with related parties are as follows:

- (a) Pursuant to an integrated services agreement dated 31 August 2001, the annual fee for integrated services provided by Zhongda Industrial Group to the Group is RMB750,000, determined on the basis of the relevant fee fixed by the National Price Bureau, or market price if there is no applicable fee set by the National Price Bureau for any such service. The agreement is for a term of ten years commenced on 31 August 2001.
- (b) Pursuant to a patent agreement dated 31 August 2001, Zhongda Industrial Group and one of the directors of the Company granted to the Group an exclusive right to use certain patents at an annual fee of RMB200,000 for periods commencing 31 August 2001 to expiry of the patent certificate of the relevant patents.
- (c) Pursuant to a trademark agreement dated 31 August 2001, Zhongda Industrial Group granted to the Group an exclusive right to use certain trademarks at an annual fee of RMB150,000. The agreement is for a term of ten years commencing 31 August 2001.
- (d) Pursuant to an office license agreement dated 30 May 2006, the rental of office premises is charged at a rate of RMB100,000 per annum for a period of five years commencing 1 June 2006. The office license was matured at 31 May 2011.
- (e) The purchase terms were agreed by both parties.
- (f) The selling prices were determined based on the actual cost of production plus a profit margin of approximately 9 per cent in respect of sales of raw materials to Yancheng Celette.

**22. RELATED PARTY TRANSACTIONS (Continued)**

- (A) During the six months ended 30 June 2011, the Group had the following transactions with its related companies: (Continued)
- (g) The selling prices were determined based on the actual cost of production plus a profit margin of approximately 9 per cent in respect of sales of raw materials to Zhongwei Bus.
  - (h) (i) Pursuant to a rental agreement, the rental of land is charged at approximately RMB250,000 per month for a period of one year commenced on 1 January 2011.  
  
(ii) Pursuant to a rental agreement, the rental of land and buildings is charged at approximately RMB5,000,000 per annum for the period from 1 January 2011 to 31 December 2011 (2010: 1 January 2010 to 31 December 2010).
  - (i) Pursuant to an exclusive agency agreement dated 8 April 2008, International Trading has appointed Zhongda International Trading Limited, a subsidiary of the Company, as the exclusive overseas agent for selling the products which is including but not limited to buses, coaches, auto parts and components manufactured by Zhongwei Bus (the "Products") outside the PRC. Zhongda International Trading Limited will be entitled to receive a commission at a rate of 9 per cent on the selling prices of the Products.
  - (j) Pursuant to a rental agreement, mutually agreed by both parties, the rental of office premises was charged at approximately RMB25,000 per month.
  - (k) Sales to Yancheng Sheung Tong of approximately RMB5,000 (2010: RMB5,000) were made on mutually agreed terms.
  - (l) For the six months ended 30 June 2011, sales of approximately RMB4,532,000 (2010: Nil) were made with Yancheng Zhongda Industrial Equipment Manufacture Co., Ltd. The sales were made on mutually agreed terms.



## 22. RELATED PARTY TRANSACTIONS (Continued)

### (B) Compensation of key management personnel

The aggregate amounts of fees and emoluments paid or payable to the directors and the key management during the six months ended 30 June 2011 and 2010 are set out below:

	<b>For the six months ended 30 June</b>	
	<b>2011</b>	2010
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Short-term benefits	<b>2,303</b>	2,144
Post-employment benefits	<b>7</b>	5
	<b>2,310</b>	2,149

## 23. OPERATING LEASE COMMITMENTS

### *The Group as lessee*

	<b>For the six months ended 30 June</b>	
	<b>2011</b>	2010
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Minimum lease payments in respect of rented premises paid under operating leases during the period	<b>606</b>	483

### 23. OPERATING LEASE COMMITMENTS (Continued)

#### *The Group as lessee (Continued)*

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	<b>30 June 2011 RMB'000 (Unaudited)</b>	31 December 2010 RMB'000 (Audited)
Within one year	–	97
In the second to fifth year inclusive	–	10
	<b>–</b>	<b>107</b>

Operating lease payments represent rentals payable by the Group for certain of its office premises. Leases are negotiated for an average term of three years for the year ended 31 December 2010 and rentals are fixed during the relevant lease periods. No operating lease payment was made as at 30 June 2011 as no renewal of the agreements was made.

#### *The Group as lessor*

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease receipts:

	<b>30 June 2011 RMB'000 (Unaudited)</b>	31 December 2010 RMB'000 (Audited)
Within one year	<b>4,000</b>	417

Property rental income earned during the period ended 30 June 2011 was approximately RMB4,000,000 (2010: RMB4,000,000). The properties are expected to generate rental yield of 4.56% (2010: 3.9%) on an ongoing basis. Lease and rentals are negotiated and fixed for an average of one year (2010: one year).

## 24. CAPITAL COMMITMENTS

	<b>30 June 2011 RMB'000 (Unaudited)</b>	31 December 2010 RMB'000 (Audited)
Contracted for but not provided in respect of		
–capital contribution on investment in an associate	<b>4,162</b>	4,162
–acquisition of property, plant and equipment	<b>8,773</b>	8,892
–acquisition of subsidiaries	<b>426,717</b>	442,622
–investment in a jointly controlled entity	<b>36,289</b>	36,289
	<b>475,941</b>	491,965

As at 30 June 2011, the capital commitment of acquisition of subsidiaries would be satisfied by cash of approximately RMB163,847,000, convertible bond of approximately RMB148,770,000 and new ordinary shares of RMB114,100,000.

## 25. EQUITY LINE FACILITIES

On 12 January 2011, the Company entered into a supplemental agreement to the equity line facility agreement dated 16 November 2010 (the “Facility Agreement”) (together, the “Agreements”) with YA Global Master SPV Ltd (“YA Global”), pursuant to which the Company has been granted an option to require YA Global to subscribe for up to approximately HK\$275,000,000 worth shares of the Company structured under the Agreements.

The option is exercisable by the Company during the commitment period commencing on (and including) the activation of the Agreements and expiring upon the earlier of (i) the fifth anniversary of the date of the Facility Agreement, and (ii) the date on which the equity facility line has been fully utilised by the Company by way of allotting and issuing shares for total issue price equals to the total commitment amount (i.e. HK\$275,000,000).

There is a minimum issue price for the draw down shares at the floor price at HK\$0.5922 per share.

On 14 February 2011, the Agreement has been approved by shareholders.

Details of the aforesaid arrangements are set out in the circular of the Company dated 24 January 2011.

**OTHER INFORMATION****SHARE OPTION SCHEMES**

The Company has a share option scheme (the “New Scheme”) which was adopted at the annual general meeting of the Company held on 31 May 2007, and the share option scheme (the “Old Scheme”) of the Company adopted in 2001 was terminated henceforth. Share options granted under the Old Scheme prior to its termination remained in force until they lapsed in accordance with the terms of the Old Scheme.

The scheme mandate limit of the New Scheme was refreshed at the special general meeting of the Company held on 17 March 2010. The total number of shares (“Shares”) of the Company may be allotted and issued upon the share options to be granted under the refreshed scheme mandate limit of the New Scheme must not in aggregate exceed 103,387,371 Shares, being 10% of the issued share capital of the Company as at the date of the special general meeting.

The Shares which may be issued upon the exercise of all outstanding share options granted and yet to be exercised under the New Scheme and any other share option schemes of the Company at any time shall not exceed 30% of the Shares in issue from time to time.

The movements in the share options granted under the share option schemes of the Company during the six months ended 30 June 2011 are shown below:

**(a) Old Scheme**

Category of participant	Date of offer	Number of share options			Exercise price per Share HK\$	Exercisable period
		As at 1 Jan 2011	Exercised/ lapsed during the period	As at 30 Jun 2011		
Eligible persons	5 Feb 2007	5,931,094	-	5,931,094	0.314	5 Aug 2007 to 4 Aug 2012
	13 Feb 2007	5,931,094	-	5,931,094	0.423	13 Aug 2007 to 12 Aug 2012
<b>TOTAL</b>		<b>11,862,188</b>	<b>-</b>	<b>11,862,188</b>		

As at 30 June 2011, the outstanding options entitling the eligible persons under the Old Scheme to subscribe for an aggregate of 11,862,188 Shares, representing approximately 1.1% of the issued share capital of the Company.

**(b) New Scheme**

Category of participant	Date of offer	Number of share options			Exercise price per Share HK\$	Exercisable period
		As at 1 Jan 2011	Exercised/ lapsed during the period	As at 30 Jun 2011		
<b>Directors</b>						
Mr. Zhang Yuqing	13 Nov 2009	917,011	-	917,011	0.792	13 Nov 2009 to 12 Nov 2014
	12 Jul 2010	9,606,226	-	9,606,226	0.588	12 Jul 2010 to 11 Jul 2015
		10,523,237	-	10,523,237		
Mr. Kwok Ming Fai	13 Nov 2009	917,011	-	917,011	0.792	13 Nov 2009 to 12 Nov 2014
	12 Jul 2010	9,606,226	-	9,606,226	0.588	12 Jul 2010 to 11 Jul 2015
		10,523,237	-	10,523,237		
	Sub-total	21,046,474	-	21,046,474		
Eligible participants	13 Nov 2009	45,850,575	-	45,850,575	0.792	13 Nov 2009 to 12 Nov 2014
	TOTAL	66,897,049	-	66,897,049		

As at 30 June 2011, the outstanding options entitling the option holders under the New Scheme to subscribe for an aggregate of 66,897,049 Shares, representing approximately 6.2% of the issued share capital of the Company.

Save as disclosed above, at no time during the six months ended 30 June 2011 was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the directors, their respective spouses or their children under the age of 18 to acquire benefits by means of the acquisition of the Shares in, or debentures of, the Company and any other body corporate.

#### DIRECTORS' INTEREST IN THE SHARE CAPITAL

As at 30 June 2011, the interests of the directors, chief executives of the Company or their associates in the issued share capital of the Company (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were 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 were taken or deemed to have under such provisions of the SFO) and required to be entered in the register maintained by the Company pursuant to section 352 of the SFO or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers under the Listing Rules, are as follows:

#### (i) Long position in the Shares and underlying Shares of the Company

Name of directors	Notes	Number of Shares		Number of underlying Shares	Total	% of issued share capital
		Personal interests	Corporate interests			
Mr. Xu Lian Guo	1	-	294,004,000	-	294,004,000	27.0%
	2	-	-	174,000,000	174,000,000	16.0%
Mr. Xu Lian Kuan	1	-	294,004,000	-	294,004,000	27.0%
Mr. Zhang Yuqing		30,272,000	-	-	40,795,237	3.8%
	3	-	-	10,523,237		
Mr. Kwok Ming Fai	4	-	-	10,523,237	10,523,237	1.0%

*Notes:*

1. The 294,004,000 Shares are held by Zhong Da (BVI) Limited which is beneficially owned as to 57.22% by Mr. Xu Lian Guo and as to 42.78% by Mr. Xu Lian Kuan, respectively.

2. 174,000,000 Shares will be allotted and issued at a price of HK\$1.00 each upon the exercise of the conversion rights attaching to the convertible bonds proposed to be issued to Caesar Overseas Enterprise Inc. ("Caesar") in the principal amount of HK\$174 million, details of which are set out in the announcement of the Company dated 4 November 2010. Caesar is wholly owned by Mr. Xu Lian Guo.
3. The share options were granted to Mr. Zhang Yuqing to subscribe for 917,011 Shares and 9,606,226 Shares at the exercise prices of HK\$0.792 each and HK\$0.588 each respectively.
4. The share options were granted to Mr. Kwok Ming Fai to subscribe for 917,011 Shares and 9,606,226 Shares at the exercise prices of HK\$0.792 each and HK\$0.588 each respectively.

## (ii) Associated Corporation

Name of associated corporation	Note	Nature of interests	Amount of equity interests held	% of the equity interests
鹽城中威客車有限公司 (Yancheng Zhongwei Bus Manufacturing Co., Ltd.) ("Zhongwei Bus")	1	Corporate interests	RMB73,840,000	80%

*Note:*

1. 中大工業集團公司 (Zhongda Industrial Group Corporation), a corporation jointly controlled by Mr. Xu Lian Guo and Mr. Xu Lian Kuan, holds 80% equity interests of Zhongwei Bus.

Save as disclosed, as at 30 June 2011, none of the directors or chief executive or their associates had any personal, family, corporate or other interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations as defined in the SFO.

**SUBSTANTIAL SHAREHOLDERS**

As at 30 June 2011, the following persons had interests in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO:

<b>Name of shareholders</b>	<b>Capacity</b>	<i>Notes</i>	<b>Number of Shares held</b>	<b>Number of underlying Shares held</b>	<b>% of the issued share capital</b>
Zhong Da (BVI) Limited	Beneficial owner	1	294,004,000	–	27.0%
Caesar	Beneficial owner	2	–	174,000,000	16.0%

*Notes:*

1. The 294,004,000 Shares are held by Zhong Da (BVI) Limited which is beneficially owned as to 57.22% by Mr. Xu Lian Guo and as to 42.78% by Mr. Xu Lian Kuan, respectively.
2. 174,000,000 Shares will be allotted and issued at the price of HK\$1.00 each upon the exercise of the conversion rights attaching to the convertible bonds proposed to be issued to Caesar in the principal amount of HK\$174 million, details of which are set out in the announcement of the Company dated 4 November 2010.

Save as disclosed above, as at 30 June 2011, according to the records required to be kept by the Company under section 336 of the SFO, there was no person (except for the directors and chief executives of the Company) who had any interest or short positions in the Shares or underlying Shares of the Company.

**DIRECTORS' INTERESTS IN CONTRACT**

Save as disclosed herein, no other contracts of significance subsisted during or at the end of the period under review.

**PURCHASE, SALE OR REDEMPTION OF SECURITIES**

Neither the Company nor its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2011.

**COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE PRACTICES**

In the opinion of the directors, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 to the Listing Rules during the six months ended 30 June 2011.



### COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by directors (the "Code of Conduct") on terms no less exacting than the required standard of the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules.

Having made specific enquiry with all directors, each of whom has confirmed compliance with the required standard set out in the Code of Conduct throughout the six months ended 30 June 2011.

### AUDIT COMMITTEE

The Company established an audit committee with terms of reference no less exacting than the required standard as set out in the code provisions of the CG Code. The primary duties of the audit committee are to review and supervise the financial reporting process and the internal control system of the Group. The audit committee has three members comprising all the independent non-executive directors of the Company. The unaudited consolidated results of the Group for the six months ended 30 June 2011 have been reviewed by the audit committee of the Company.

### REMUNERATION COMMITTEE

The Company established a remuneration committee with terms of reference no less exacting than the required standard as set out in the code provisions of the CG Code. The primary duties of the remuneration committee are to review and make recommendation for the remuneration policy of the directors and senior management. The remuneration committee comprises two independent non-executive directors, Mr. Gu Yao Tian and Mr. Li Xinzhong, and one executive director, Mr. Zhang Yuqing.

By Order of the Board  
**Kwok Ming Fai**  
*Executive Director*

Hong Kong, 31 August 2011