ZHONGDA INTERNATIONAL HOLDINGS LIMITED
（中大國際控股有限公司*）

(Incorporated in Bermuda with limited liability)
(Stock Code: 00909)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013

The board of directors (the "Board") of Zhongda International Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2013 together with the comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2013

	Note	2013 HK$'000	2012 HK$'000
Revenue	4	**41,127**	1,074
Cost of sales		**(39,492)**	(1,005)
Gross profit		**1,635**	69
Other revenue and gain or loss	6	**174**	841
Administrative expenses		**(9,979)**	(9,842)
Change in fair value of warrants		**8**	11,811
Change in fair value of an investment property		**–**	5,926
Finance costs	7	**(153)**	(272)
(Loss) profit before taxation		**(8,315)**	8,533
Income tax credit	8	**–**	156
(Loss) profit for the year	9	**(8,315)**	8,689
(Loss) profit and total comprehensive (expense) income for the year attributable to owners of the Company		**(8,315)**	8,689
(Loss) earnings per share	11		
– Basic and diluted (HK cents per share)		**(0.76)**	0.80

* *for identification purpose only*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2013

	Note	**2013** **HK$'000**	2012 HK$'000
Non-current assets			
Plant and equipment		**4**	6
Interests in associates		–	–
Prepayment for investments		–	–
Available-for-sale investments		–	–
		4	6
Current assets			
Trade receivables	*12*	**16,121**	–
Amount due from a related company		–	–
Amount due from an associate		–	–
Amounts due from former subsidiaries		–	–
Held for trading investments		**3,820**	3,101
Prepayments and other receivables		**10,490**	26,252
Derivative financial instruments		–	167
Bank balances and cash		**9,615**	33,048
		40,046	62,568
Current liabilities			
Other payables and accruals		**10,944**	8,280
Amounts due to directors		**6,291**	10,526
Tax payable		**13,689**	13,689
Bank borrowings		–	12,630
Derivative financial instruments		–	8
		30,924	45,133
Net current assets		**9,122**	17,435
Total assets less current liabilities		**9,126**	17,441
Capital and reserves			
Share capital		**108,726**	108,726
Reserves		**(99,600)**	(91,285)
Total equity		**9,126**	17,441

Notes:

1. GENERAL INFORMATION

The Company was 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").

The principal activities of the Company and its subsidiaries (collectively referred as the "Group") are principally engaged in the provision of agency services, information technology and international trading business.

The consolidated financial statements are presented in Hong Kong dollars ("HK$") which is the same as the functional currency of the Company.

2. BASIS OF PREPARATION

SUBSIDIARIES DECONSOLIDATED

Notwithstanding that the Group holds 86.7% equity interests in Zhongda Automobile Machinery Manufacture Co., Ltd ("Zhongda Machinery") and its subsidiaries, 90% equity interests in Jiangsu Zhongda Industrial Painting and Environmental Protection Co., Ltd. ("Jiangsu Zhongda"), 100% equity interest in Yancheng Zhongda Automobile equipment Co. Ltd. ("Zhongda Automobile") and 100% equity interests in Yancheng Ausen Industrial Equipment Manufacture Co., Ltd. ("Ausen Industrial Equipment") (hereinafter together regarded as "PRC Subsidiaries") as at 31 December 2013 and 2012, the PRC Subsidiaries were no longer regarded as subsidiaries of the Group as the directors of the Company are of the opinion that the control of these companies had been lost as at 1 September 2011.

With reference to an announcement issued by the Company on 2 September 2011, Mr. Xu Lian Guo ("Mr. LG Xu") and Mr. Xu Lian Kuan ("Mr. LK Xu") as executive directors of the Company and the legal representatives of the PRC Subsidiaries were suspended (the "Suspended Directors") due to suspected misuse of fund. A special investigation committee (the "SIC") was formed to undertake investigation on the suspected misuse of fund. The SIC had sent written enquires to the Suspended Directors and their legal advisors in the PRC and Hong Kong for the suspected misuse of fund. No satisfactory reply from the Suspended Directors had been received. In the meantime, the Suspended Directors withheld the books and records of the PRC subsidiaries and were not cooperative since 1 September 2011. The current directors of the Company, despite of trying various means and methods, including (i) filing a formal complaint to the Economic Crime Investigation Division of Shenzhen Municipal Public Security Bureau against the Suspended Directors on 9 January 2012 and (ii) a counterclaim raised by the Company against the Suspended Directors and an interim application by way of summons for an injunctive order. On 2 May 2013, the High Court of Hong Kong has granted an order in favour of the Company against the Suspended Directors. The current directors were unable to access its complete set of underlying books and records together with the supporting documents of the PRC Subsidiaries since 1 September 2011. According to the legal advice of the PRC lawyer, the current directors of the Company have effectively lost control in the PRC Subsidiaries.

The directors of the Company are of the opinion that the Group no longer had the power to govern the financial and operating policies of the PRC Subsidiaries, and accordingly the Group no longer controlled the PRC Subsidiaries notwithstanding that the Group holds a majority equity interest in the PRC Subsidiaries. It is no longer regarded as a subsidiary of the Group since all the assets of PRC Subsidiaries have been withheld by the Suspended Directors since 1 September 2011. The directors of the Company resolved to deconsolidate PRC Subsidiaries as at that date.

The latest management accounts of the PRC subsidiaries were available up to 30 June 2011. Accordingly, the results of PRC Subsidiaries had been consolidated in the consolidated financial statements of the Group up to 30 June 2011.

2. BASIS OF PREPARATION (Continued)

UNAUTHORISED DISPOSAL OF AN ASSOCIATE

Yancheng Zhongwei Bus Manufacturing Co., Ltd ("Zhongwei Bus"), an associate held by the PRC Subsidiaries was disposed of without proper authorisation ("Unauthorised Disposal") on 15 July 2011 to a related party with common substantial shareholders of the Company at the time of the Unauthorised Disposal. No complete set of accounting books and records of the PRC Subsidiaries and Associates was available to the management of the Company. Accordingly, no gain or loss of the Unauthorised Disposal had been recognised.

GOING CONCERN

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group. The Group incurred a net loss of approximately HK$8,315,000 for the year ended 31 December 2013 and accumulated losses of approximately HK$400,118,000 as at 31 December 2013.

Notwithstanding the above, the consolidated financial statements have been prepared on a going concern basis, the validity of which is dependent upon:

– the timing of collection of the trade receivable and realisation of the prepayment, with an aggregated amount of approximately HK$22,283,000;

– the availability of credit facilities readily to the Group, and

– the ability to generate adequate cash flows to maintain its operations.

Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis. Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts and to provide for further liabilities which might arise. The effect of these adjustments has not been reflected in the consolidated financial statements.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised HKFRSs, which include HKFRSs, Hong Kong Accounting Standards ("HKAS(s)") and Interpretations ("Int(s)"), issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle issued in 2012
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
Amendments to HKFRS 1	Government Loans
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (revised 2011)	Employee Benefits
HKAS 27 (revised 2011)	Separate Financial Statements
HKAS 28 (revised 2011)	Investments in Associates and Joint Ventures
HK(IFRIC*)-INT 20	Stripping Costs in the Production Phase of a Surface Mine

* IFRIC represents the International Financial Reporting Interpretations Committee.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

New and revised HKFRSs issued but not yet effective

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle[2]
HKFRS 9 (2014)	Financial Instruments[6]
Hedge Accounting and Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities[1]
HKFRS 14	Regulatory Deferral Accounts[4]
HKFRS 15	Revenue from Contracts with Customers[5]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[4]
Amendments to HKAS 19	Defined Benefit Plans – Employee Contributions[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
HK(IFRIC) 21	Levies[1]

[1] Effective for annual periods beginning on or after 1 January 2014, with earlier application permitted.

[2] Effective for annual periods beginning on or after 1 July 2014, with earlier application is permitted.

[3] HKFRS 9, as amended in December 2013, amended the mandatory effective date of HKFRS 9. The mandatory effective date is not specified in HKFRS 9 but will be determined when the outstanding phases are finalised. However, application of HKFRS 9 is permitted.

[4] Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

[5] Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

[6] Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

4. REVENUE

Revenue represents the amounts received and receivable from sales of goods and services rendered during the year. An analysis of the Group's revenue for the year is as follows:

	2013	2012
	HK$'000	*HK$'000*
Revenue from project	**153**	1,074
Trading of goods	**40,974**	–
	41,127	1,074

5. SEGMENT INFORMATION

Information reported to the board of directors of the Company, being the chief operating decision makers ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

The Group is principally engaged in the provision of agency service for trading of buses, provision of information technology (IT) solutions. During the year ended 31 December 2013, the Group newly engaged in international trading. Specifically, the Group's reportable and operating segments are as follows:

Agency service	–	agency service for trading
IT solutions	–	provide IT solutions
International trading	–	trading of machine, fibers, IT products, etc.

Segment revenue and results

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

For the year ended 31 December 2013

	IT solutions *HK$'000*	**Agency service** *HK$'000*	**International trading** *HK$'000*	**Total** *HK$'000*
Revenue	**153**	**–**	**40,974**	**41,127**
Segment profit (loss)	**115**	**(6)**	**1,193**	**1,302**
Unallocated corporate expenses				**(9,646)**
Unallocated other revenue				**341**
Change in fair value of warrants				**8**
Changes in fair value of derivative financial instruments				**(167)**
Finance costs				**(153)**
Loss before taxation				**(8,315)**

5. SEGMENT INFORMATION (Continued)

For the year ended 31 December 2012

	IT solutions *HK$'000*	Agency service *HK$'000*	International trading *HK$'000*	Total *HK$'000*
Revenue	1,074	–	–	1,074
Segment profit (loss)	29	(43)	–	(14)
Unallocated corporate expenses				(9,759)
Unallocated other revenue				697
Change in fair value of warrants				11,811
Change in fair value of an investment property				5,926
Changes in fair value of derivative financial instruments				144
Finance costs				(272)
Profit before taxation				8,533

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment (loss) profit represents loss from or the profit earned by each segment without allocation of central administration costs, directors' salaries, gain on disposal of held for trading investments, change in fair value of held for trading investments, change in fair value of warrants, change in fair value of derivative financial instruments, change in fair value of an investment property, bank interest income and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

Geographical information

The Group's revenue from external customers and information about its non-current assets (other than interests in associates, available-for-sale investments and prepayment for investments) by geographical location of the assets are detailed below:

	Revenue from external customers		**Non-current assets**	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
The PRC (country of domicile)*	**3,090**	1,074	**4**	6
USA	**31,509**	–	**–**	–
Canada	**6,528**	–	**–**	–
	41,127	1,074	**4**	6

* The country of domicile is in Hong Kong, PRC

6. OTHER REVENUE AND GAIN OR LOSS

	2013	2012
	HK$'000	*HK$'000*
Change in fair value of held for trading investments	**61**	180
Commissions income	**10**	57
(Loss) gain on disposal of held for trading investments	**(83)**	3
Investment income from derivative financial instruments	**176**	351
Dividend income from held for trading investments	**161**	106
Change in fair value of derivative financial instruments	**(167)**	144
Interest income	**9**	–
Sundry income	**7**	–
	174	841

7. FINANCE COSTS

	2013	2012
	HK$'000	*HK$'000*
Interest on:		
Bank borrowings wholly repayable within five years	**4**	272
Other borrowings wholly repayable within five years	**149**	–
	153	272

8. INCOME TAX CREDIT

	2013	2012
	HK$'000	*HK$'000*
Deferred taxation:		
– Current year	**–**	(156)

Certain Hong Kong subsidiaries were either in loss-making position for the current and the previous years or had sufficient tax losses brought forward from previous years to offset the estimated assessable income for the year and accordingly did not have any provision for Hong Kong Profits Tax for the current and previous years.

Pursuant to the laws and regulations of the Cayman Islands and the British Virgin Islands (the "BVI"), the Group is not subject to any income tax in the Cayman Islands and the BVI for the current and previous years.

8. INCOME TAX CREDIT (Continued)

The tax credit for the years can be reconciled to the (loss) profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2013	2012
	HK$'000	*HK$'000*
(Loss) profit before taxation	**(8,315)**	8,533
Tax at the domestic income tax rate of 16.5% (2012: 16.5%)	**(1,372)**	1,408
Tax effect of income not taxable for tax purpose	**(38)**	(2,991)
Tax effect of expenses not deductible for tax purpose	**1,135**	1,623
Tax effect of tax loss not recognised	**275**	–
Utilisation of tax losses previously not recognised	**–**	(196)
Tax credit for the year	**–**	(156)

9. (LOSS) PROFIT FOR THE YEAR

(Loss) profit for the year has been arrived at after charging:

	2013	2012
	HK$'000	*HK$'000*
Staff costs (excluding directors' emoluments)		
– Salaries and wages	**1,536**	1,613
– Retirement benefits scheme contributions	**46**	51
Total staff costs	**1,582**	1,664
Auditor's remuneration	**450**	1,000
Net foreign exchange losses	**92**	14
Operating lease rental on land and buildings	**1,397**	–
Depreciation on plant and equipment	**2**	3

10. DIVIDENDS

No dividend was paid or proposed during the year ended 31 December 2013, nor has any dividend been proposed since the end of the reporting period (2012: nil).

11. (LOSS) EARNINGS PER SHARE

The calculation of the basic and diluted (loss) earnings per share attributable to owners of the Company is based on the following data:

	2013	2012
(Loss) earnings	***HK$'000***	*HK$'000*
(Loss) profit for the year attributable to owners of the Company	**(8,315)**	8,689

The calculations of the basic and diluted (loss) earnings per share attributable to the owners of the Company is based on the following data:

	2013	2012
Number of shares	***'000***	*'000*
Weighted average number of ordinary shares for the purposes of basic and diluted (loss) earnings per share	**1,087,258**	1,087,258

The computation of diluted (loss) earnings per share does not assume the exercise of certain of the Company's outstanding share options and warrants as the exercise prices of those options and warrants are higher than the average market price during the years ended 31 December 2013 and 2012.

12. TRADE RECEIVABLES

	2013	2012
	HK$'000	*HK$'000*
Trade receivables	**16,121**	–

The Group did not hold any collateral over these balances.

The Group's average credit periods granted to customers were 30 to 90 days.

The following is an aged analysis of the trade receivables presented based on the invoice date, which approximates the respective revenue recognition dates, at the end of the reporting period.

	2013	2012
	HK$'000	*HK$'000*
Within 30 days	**428**	–
More than 90 days but within 240 days	**15,693**	–
	16,121	–

EXTRACT OF INDEPENDENT AUDITOR'S REPORT ON THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

The Company's auditor has issued qualified opinion on the Group's consolidated financial statements for the year ended 31 December 2013, an extract of which is as follows:

BASIS OF DISCLAIMER OF OPINION

During the course of our audit of the Group's consolidated financial statements for the year ended 31 December 2013, we encountered significant scope limitations in respect of various areas as set out below:

(1) Opening balances and corresponding figures

Our audit opinion on the consolidated financial statements of the Group for the year ended 31 December 2012 (the "2012 Financial Statements"), which form the basis for the corresponding figures presented in the current year's consolidated financial statements, was disclaimed because of the significance of the possible effect of the limitations on the scope of our audit, details of which are set out in our report dated 4 June 2014 and matters described in (2) to (5) below. Accordingly, we are unable to carry out audit procedure on the opening balance as to whether the 2012 Financial Statements gave a true and fair view of the state of affairs of the Group as at 31 December 2012 and 1 January 2013 and of the Group's profit and cash flows for the year ended 31 December 2012.

(2) Deconsolidation of certain subsidiaries and relevant disclosures during the year ended 31 December 2011

As detailed in our audit report for the years ended 31 December 2011 and 31 December 2012 dated 16 April 2014 and 4 June 2014 respectively, the existing directors of the Company were unable to obtain and access to the books and records of certain subsidiaries and associates held by these subsidiaries located in the People's Republic of China (the "PRC Subsidiaries") since 1 September 2011 and considered that the Group no longer had the power to govern the financial and operating polices of the PRC Subsidiaries and accordingly the control over the PRC Subsidiaries was lost on that date. The PRC Subsidiaries have therefore been deconsolidated from the consolidated financial statements of the Group and classified as available-for-sale investments from 1 September 2011 onwards.

The accumulated losses of the Group as at 31 December 2012, which included the losses (i) on deconsolidation of the PRC Subsidiaries and (ii) incurred by the PRC Subsidiaries for the period from 1 January 2011 to 1 September 2011 (date of deconsolidation).

Upon the deconsolidation mentioned above, available-for-sale investments and amounts due from the PRC Subsidiaries of approximately HK$205,297,000 and HK$127,435,000 were recognised respectively. Subsequently, during the year ended 31 December 2011, impairment loss for both available-for-sale investments and amounts due from the PRC Subsidiaries of approximately HK$205,297,000 and HK$127,435,000 were also recognised respectively.

As a result of the circumstances described above, we were unable to carry out audit procedures to obtain sufficient reliable audit evidence and there were no practical alternative audit procedures that we could perform to satisfy ourselves as to whether the accumulated losses of the Group as at 31 December 2013, 1 January 2013 and 31 December 2012 resulted from the abovementioned amounts are free from material misstatements and unable to satisfy ourselves as to the existence and completeness of commitments and contingent liabilities of the Group in relation to the PRC Subsidiaries as at 31 December 2013 and 2012. Accordingly, we were unable to provide a basis for an audit opinion on the financial performance and cash flows of the Group and the relevant disclosures to the consolidated financial statements.

(3) Amounts due to directors

During the year ended 31 December 2013, one of the suspended directors, Mr. Xu Lian Kuan ("Mr. LK Xu") resigned, the amount due to Mr. LK Xu of approximately HK$5,265,000 was transferred to and included in other payables and accruals as at 31 December 2013. We were unable to obtain direct audit confirmations in respect of amounts due to directors of approximately HK$2,542,000 as at 31 December 2013, amounts due to former directors of approximately HK$5,265,000 as at 31 December 2013 included amount due to Mr. LK Xu recorded in other payables and accruals of respective directors and no sufficient evidence has been provided to satisfy ourselves as to the completeness, existence and accuracy of the aforesaid balances. There were no practical alternative audit procedures that we could perform to satisfy ourselves as to whether the aforesaid balances were free from material misstatements as at 31 December 2013 and 2012.

(4) Amount due from a related company

As explained in the consolidated financial statements, included in amounts due from related companies as at 31 December 2013 and 2012 was an amount due from Yancheng Zhongda International Trading Co., Limited of approximately HK$64,572,000. Impairment loss of approximately HK$64,572,000 was recognised during the year ended 31 December 2011.

We were unable to obtain direct audit confirmation in respect of the amount due from a related company and no sufficient evidence has been provided to satisfy ourselves as to the completeness, existence, accuracy and valuation of the aforesaid balance as at 31 December 2011 and the impairment loss of approximately HK$64,572,000 recognised for the year ended 31 December 2011. There were no practical alternative audit procedures that we could perform to satisfy ourselves as to whether the aforesaid balance stated as at 31 December 2013 and 2012 was free from material misstatements.

(5) Impairment assessment on prepayment for investments

As stated in the consolidated financial statements, the Group had prepayment for investments of approximately HK$59,996,000, before net of accumulated impairment losses as at 31 December 2011. Impairment loss of approximately HK$58,717,000 was recognised during the year ended 31 December 2011. We are unable to obtain direct audit confirmations in respect of such prepayment for investments and have not been provided with sufficient evidence to satisfy ourselves as to the validity, completeness and recoverability of the aforesaid prepayment for investments and as to whether the impairment loss recognised in respect of the prepayment for investments determined by the directors of the Company against the carrying amount of the prepayment for investments was free from material misstatements. There were no practical alternative audit procedures that we could perform to satisfy ourselves as to whether the aforesaid balances stated as at 31 December 2013 and 2012 was free from material misstatements.

(6) Trade receivable

As at 31 December 2013, included in the trade receivables of carrying amount of approximately HK$15,693,000 resulted from the international trading business. The trade receivable has been past due but no impairment is recognised by the directors of the Company as at 31 December 2013. We were unable to obtain direct audit confirmation and have not been provided with sufficient evidence to satisfy ourselves as to the validity and completeness of the aforesaid balance. We were also unable to obtain sufficient reliable evidence to ascertain the recoverability of the aforesaid balance. Accordingly, we were unable to satisfy ourselves as to whether the carrying amount of approximately HK$15,693,000 included in trade receivables was free from material misstatement as at 31 December 2013.

(7) Prepayment

As at 31 December 2013, included in prepayments and other receivables was a prepayment made to a supplier of approximately HK$6,590,000 for purchase of goods. There is no goods being received from the supplier in relation to this prepayment subsequent to the end of the reporting period and no impairment is recognised by the directors of the Company as at 31 December 2013. We were unable to obtain sufficient reliable evidence to ascertain the recoverability of the above balance. Accordingly, we were unable to satisfy ourselves as to whether the carrying amount of approximately HK$6,590,000 included in prepayments and other receivables was free from material misstatement as at 31 December 2013.

Any adjustments that are found necessary in relation to the matters described in (1) to (7) above might have a significant consequential effect on the Group's state of affairs as at 31 December 2013 and 2012 and results, equity and cash flows for the years ended 31 December 2013 and 2012 and the related disclosures thereof in the consolidated financial statements for the year ended 31 December 2013.

DISCLAIMER OF OPINION

Because of the significance of the matters described in the Basis of disclaimer of opinion paragraphs, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the consolidated financial statements. In all other material aspects, in our opinion, the consolidated financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The Group is principally engaged in agency services, information technology and international trading business during the year. The Group recorded a turnover of approximately HK$41 million, representing an increase of approximately 37 times from the turnover recorded on last year of approximately HK$1.1 million.

During the Year 2011, the Suspended Directors failed to account for the where about of the Group's bank deposit of RMB150 million (the "Fund") in the PRC despite repeated requests for clarification from the Board, and who also failed to procure making available the financial statements of the PRC Subsidiaries (the "Event").

With the Hong Kong High Court Judgement and Order (the "Court Order") issued in May 2013, the Suspended Directors were required to make available the financial statements (as well as the company records, chops and seals) of the PRC Subsidiaries. Yet, they failed to comply with the Court Order up till today. On the this premises, the PRC Subsidiaries' results have to be de-consolidated from the Company's account with a view to give a proper account of the financial presentation of the Group.

The Event did cause disruption to the Hong Kong operations as the management had spent extensive efforts in conjunction with legal advisors in Hong Kong, the PRC, Bermuda and professional account firms to follow up with the Suspended Directors for among others, the where about of the Fund and financial information accessibility, for the protection of the Company's assets and securing the best interest of the Company. This adverse effect rolled into Year 2012 and first half year of 2013 until there came the Court Order.

With the failure of the Suspended Directors to comply with the Court Order, it is with more certainty that the Company has to deconsolidate the results of the PRC Subsidiaries. With the results of the Group to be released in due course, the management would have a better position to negotiate with customers and vendors on a longer term basis. As a result, the operations of the Group start to regain its momentum and recorded a turnover during the period.

There being no corporate guarantee or surety of a similar nature extended by the Company or any of the Hong Kong operations towards the financing or business activities of the PRC Subsidiaries, the Company is well posed to move forward on its own to arrange bank facilities in Hong Kong to support the business development of Hong Kong operations.

Prospect

The Hong Kong operations of the Group have been engaged in trading and sourcing activities. The products so traded through Hong Kong operations have been sourced by the Company's PRC subsidiaries or associates and from third party suppliers outside Hong Kong. The products sourced by Hong Kong operations have been resold through the PRC operations to the domestic PRC markets or through third party vendors to markets outside Hong Kong. The management will continuously spending its effort to expand and further develop the existing international trading business platform. The Group will continuously look for potential business partners and/or customers for trading of other products and commodities in the context of related diversification.

For the information technology business which has been grouped previously under the Property Investment business segment. The Company is at the final stage of negotiation with a South America company for cooperation in providing project management and support service to their telecom value-added service in the PRC. The service is under trial run. It is expected that the service would be launched in the fourth quarter of Year 2014.

Financial Review and Liquidity

Gross Margin

The Group recorded a gross profit of approximately HK$1.6 million. The substantial increase in gross profit compared with last year is in line with the substantial increase in turnover due to regain of momentum of the Group's operation. The gross profit margin for the year was approximately 4.0% as compared with 6.4% last year. The decrease was the dilution effect due to diversification of trading of fibre products with lower margin.

Net Loss

The Group has recorded a net loss of approximately HK$8.3 million for the year as compared with a profit of HK$8.7 million last year. The profit for last year is mainly attributable to the gain on change in fair value of investment property and warrants. If these two items were adjusted, the Group would record a net loss of HK$9.5 million for the year ended 31 December 2012. Therefore, the Group's operation was slightly improved as compared with last year.

Liquidity

As at 31 December 2013, bank balances and cash of the Group were approximately HK$10 million (31 December 2012: HK$33 million).

Liquidity as measured by current ratio (defined as "Current Assets/Current Liabilities") with a ratio of 1.3x during the year was considered as acceptable. Regarding the current assets, approximately 24% were cash and bank deposit. The level was considered as sufficient.

Leverage

Net gearing ratio of the Group (measured as Total bank debts – Cash available/Total Net Worth) was Nil in the year (31 December 2012: Nil). The Group will take effort to retain its leverage at a satisfactory level.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

There was no purchase, sale or redemption by the Company, or any of its subsidiaries, of any listed securities of the Company during the year end 31 December 2013.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE PRACTICES

The Company's code on corporate governance practices was adopted by reference to the provisions of the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules").

Notwithstanding the prolonged suspension in trading of the shares of the Company on the Stock Exchange, the directors of the Company are well aware of the Code and have taken every endeavors to comply with the Code contained in Appendix 14 of the Listing Rules throughout the year ended 31 December 2013.

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 (save and except Suspended Directors) have confirmed compliance with the required standard set out in the Code of Conduct throughout the year ended 31 December 2013.

Whilst the 2 Suspended Directors did not directly confirm their compliance with Model Code on Securities Transaction, there being no records of their having transferred ownership of the Shares which seemed to be an indirect inference of their compliance with Model Code on Securities Transaction.

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 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 in conjunction with the Board retained and liaised external international professional accounting firm to undertake a review of the internal control system relating to the financial reporting and treasury functions of the Company and its operating subsidiaries in Hong Kong.

The audit committee has reviewed the Group's annual results for the year ended 31 December 2013. The audit committee has three members comprising all the independent non-executive directors of the Company.

By order of the Board
Zhongda International Holdings Limited
Kwok Ming Fai
Executive Director

Hong Kong, 12 September 2014

As at the date of this announcement, the Board comprises Messrs. Xu Lian Guo (suspended), Kwok Ming Fai and Hon Chuk Kay as executive Directors; Mr. Leung Kwok Chun as non-executive Director; and Messrs. Sun Ka Ziang Henry, Chan Shiu Man and Wong Chi Chung as independent non-executive Directors.