



THE STOCK EXCHANGE OF HONG KONG LIMITED
(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)
(the “Exchange”)

26 February 2008

The Listing Committee of The Stock Exchange of Hong Kong Limited (the “Listing Committee”) criticise the following parties for breaching the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Exchange Listing Rules”):

- 1. Zhongda International Holdings Limited (the “Company” and, together with its subsidiaries, the “Group”) (Stock code: 0909);**
- 2. Mr Xu Lian Guo (“Mr LG Xu”), an executive director of the Company; and**
- 3. Mr Xu Lian Kuan (“Mr LK Xu”), an executive director of the Company.**

On 3 January 2008, the Listing Committee conducted a hearing into the conduct of the Company, Mr LG Xu and Mr LK Xu in respect of their obligations under Rule 13.49(1) and Rule 13.46(2)(a) of the Exchange Listing Rules and the Declaration and Undertaking with regard to Directors given by each of them to the Exchange in the form set out in Appendix 5B to the Exchange Listing Rules (the “Director’s Undertaking”).

Facts

The Company was required under: (i) Rule 13.49(1) of the Exchange Listing Rules to publish in the newspapers its preliminary results in respect of its financial year end no later than four months after the date upon which the financial period ends; and (ii) Rule 13.46(2)(a) of the Exchange Listing Rules to despatch to its shareholders its annual report and audited accounts within four months of the end of its financial year. For the financial year ended 31 December 2005, the Company’s annual results and annual report were not published and despatched until 21 and 24 August 2006 respectively, with a delay of approximately three months and 21 days and three months and 24 days respectively.

A hearing was conducted into breaches by the Company of its obligations under Rule 13.49(1) and Rule 13.46(2)(a) of the Exchange Listing Rules. The Company admitted breaching the said provisions.

The Exchange has asserted and each of Mr LG Xu and Mr LK Xu has admitted their respective breach of the Directors’ Undertaking to use their best endeavours to procure the Company’s compliance with the Exchange Listing Rules in that they failed to ensure the Company had in place adequate internal controls and financial reporting systems.

Decision

As a result of a settlement proposal endorsed by the Listing Committee:

- (i) the Company has accepted a public statement involves criticism for its breach of Rule 13.49(1) and Rule 13.46(2)(a) of the Exchange Listing Rules; and
- (ii) each of Mr LG Xu and Mr LK Xu has accepted a public statement involves criticism for his breach of the Directors' Undertakings in failing to use their best endeavours to (a) procure that the Company comply with the Exchange Listing Rules; and (b) ensure the Company had in place adequate internal controls and financial reporting systems.

Accordingly, the Listing Committee hereby publicly criticises the Company and Mr LG Xu and Mr LK Xu for their respective breaches mentioned above.

For the avoidance of doubt, the Exchange confirms that this public statement which involves criticism applies only to the Company, Mr LG Xu and Mr LK Xu and not to any other past or present members of the Board of Directors of the Company.

Further, the Committee directs that:

- (i) the Company implement the changes to the internal control procedures recommended by the compliance audit report within three months from the date of the decision of the Committee; and
- (ii) the Company procure that Maxgo CPA Limited conduct a follow up review at the Company's expense, six months from the date of the decision of the Committee, and report back to the Company and the Division on the extent to which the Company has implemented the recommended changes.

Richard Williams, Head of Listing, said, "The decision in this case serves as a reminder to issuers of the importance attached by the Exchange to the timely publication of financial information to the market.

It is noteworthy in this case that directions have been made by the Listing Committee geared towards the implementation of improved internal controls which lie at the heart of the ability or inability to comply with these important rules in a timely and effective manner. Delegation of responsibility for a compliance task to a director or member of senior management does not absolve other directors individually or collectively from taking all reasonable steps to monitor the execution of the delegated compliance task and to take prompt and effective remedial action where deficiencies in execution are noted. Executive directors by virtue of their day to day involvement in the company's affairs are usually best placed to alert the board as a whole to emerging problems and to initiate appropriate remedial action. The impact of compliance problems can be greatly mitigated by the directors establishing adequate procedures for financial reporting which provide them and senior management with a reasonable basis to make proper judgments as to the financial position and prospects of the issuer."