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## **XINGDA INTERNATIONAL HOLDINGS LIMITED**

**興達國際控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1899)**

### **ADOPTION OF XINGDA SHARE AWARD SCHEME**

On 4 September 2009, the Board resolved to adopt the Scheme to encourage and retain Selected Employees to work with the Group and to provide incentive for them to achieve performance goals with a view to achieving the objectives of increasing the value of the Group and aligning the interests of Selected Employees directly to the shareholders of the Company through ownership of Shares. Pursuant to the Scheme, Shares will be purchased by the Trustee in the market out of cash contributed by the Company and be held in trust for the relevant Selected Employees until such Shares are vested in the relevant Selected Employees in accordance with the provisions of the Scheme.

#### **ADOPTION OF THE SCHEME**

On 4 September 2009, the Board resolved to adopt the Scheme, pursuant to which Shares will be purchased by the Trustee in the market out of cash contributed by the Company and be held in trust for the relevant Selected Employees until such Shares are vested in the relevant Selected Employees in accordance with the provisions of the Scheme.

The Scheme does not constitute a share option scheme pursuant to Chapter 17 of the Listing Rules.

The Board will implement the Scheme in accordance with the terms of the Scheme Rules including without limitation the provision of necessary funds to the Trustee for purchase of Shares from time to time. For the avoidance of doubt, no new Share will be granted under the Scheme.

A summary of the Scheme Rules is set out below.

## **SUMMARY OF THE SCHEME RULES**

### **Purposes**

The purposes of the Scheme are to encourage and retain Selected Employees to work with the Group and to provide incentive for them to achieve performance goals with a view to achieving the objectives of increasing the value of the Group and aligning the interests of Selected Employees directly to the shareholders of the Company through ownership of Shares.

### **Duration and Administration**

Subject to any early termination in accordance with the Scheme Rules, the Scheme shall be valid and effective for a period commencing on the Adoption Date and ending on the date to be determined by the Board from time to time (both dates inclusive), after which no further Award will be made but the provisions of the Scheme shall remain in full force and effect to the extent necessary to give effect to any Awards granted prior thereto or otherwise as may be required in accordance with the provisions of the Scheme.

The Scheme shall be subject to the administration of the Board whose decision as to all matters arising in relation to the Scheme or its interpretation or effect (save as otherwise provided in the Scheme Rules) shall be final, conclusive and binding on all parties.

The Trustee will hold the Shares and the income derived therefrom in accordance with the terms of the Trust Deed.

### **Operation of the Scheme**

Subject to the section headed “Vesting Limit” below and the approval of the Board, the Remuneration Committee may, from time to time after taking into consideration recommendations and suggestions made by the Chairman, at its discretion and subject to such terms and conditions as it may think fit:

- (a) select such Employee(s) as it may think fit for participation in the Scheme as Selected Employee(s);

- (b) determine the aggregate number of Awarded Shares to be granted to all the Selected Employees on each relevant Financial Year; and
- (c) determine the number of Awarded Shares to be granted to each of the Selected Employees in respect of each Financial Year out of the aggregate number of Awarded Shares to be granted in respect of such Financial Year as mentioned in (b) above, and such Awarded Shares so granted shall constitute all or part of the annual remuneration in respect of the relevant Financial Year payable to such Selected Employee as contemplated under his employment agreement or service agreement with the relevant member of the Group,

provided always that no Award shall be made to any Selected Employee in respect of any Financial Year unless the Earnings Per Share of the Company for such Financial Year is a positive figure or unless otherwise determined by the Board.

Where any Award is proposed to be made to any Selected Employee who is a director, supervisor or senior management of any member of the Group, or where the Board proposes to waive any conditions, restrictions or limitations imposed on any Award made to any such Selected Employee, such Award or waiver (as the case may be) must first be considered and approved by the Remuneration Committee and by the Board. Where a Selected Employee or his associate is a Director, such person shall abstain from voting on any approval by the Remuneration Committee and the Board of an Award to such Selected Employee.

The Company shall inform each Selected Employee of the number of Awarded Shares granted to him by a written document in such form as the Company may from time to time determine (the “**Letter of Grant**”) requiring the Selected Employee concerned to accept the Award within the specified acceptance period. If the Selected Employee concerned does not within such acceptance period accept the grant, such Selected Employee shall not be entitled to any Awarded Shares pursuant to that Award upon the expiry of such period.

Pursuant to the Scheme, Shares will be acquired by the Trustee in accordance with the written instruction given by the Company from time to time. The Company shall cause the Reference Amount to be transferred to the Trust Account(s) from time to time and as when required.

Subject to receipt of the Reference Amount in the Trust Account(s), the Trustee shall apply the Reference Amount towards the purchase of the Shares in the market for the purposes of the Scheme in accordance with the relevant written instruction of the Company. Any excess Reference Amount provided shall be returned by the Trustee

to the Company forthwith after completion of the purchase. Where the Reference Amount paid by the Company to the Trustee is not sufficient to purchase such number of Shares as designated in the said written instruction, the Trustee shall acquire the maximum number of board lots of Shares and seek further funds from the Company until all such Shares are purchased. The Shares so purchased shall form part of the trust fund of the Trust.

Save for a Lapse or Partial Lapse and subject to the receipt by the Trustee of a confirmation from the Company that all relevant vesting conditions having been fulfilled, the Trustee shall transfer the relevant Awarded Shares to the relevant Selected Employee on the relevant Vesting Date in accordance with the Company's instruction or as soon as possible thereafter.

A Selected Employee shall have no rights or interests in any of the Awarded Shares prior to the vesting of such Shares, the Residual Cash, the Returned Shares or the cash and non-cash income and distribution and the sale proceeds of the non-cash or non-scrip distribution declared in respect of a Share. The cash income and the sale proceeds of the non-cash or non-scrip distribution declared in respect of a Share held upon the Trust shall form part of the trust fund of the Trust and the Trustee may (a) apply such cash for the purchase of Shares which shall become Returned Shares for the purpose of the Scheme, (b) apply such cash to defray the relevant fees, costs and expenses incurred by the Trustee, or (c) return such cash to the Company, as the Trustee in its absolute discretion shall at any time determine, after having taken into consideration recommendations of the Remuneration Committee and the Board.

The Trustee is a third party independent of the Company and the connected persons of the Company. In view of the Trustee's experience in the securities business and its long history of establishment, the Company decided to engage the Trustee as the trustee of the Trust and the Board considers that such engagement is in the interest of the Company and its shareholders as a whole.

### **Vesting and Lapse**

Save for a Lapse or a Partial Lapse and subject to the section headed "Vesting Limit" below, unless otherwise determined by the Board at its discretion, the Awarded Shares held by the Trustee upon the Trust and which are referable to a Selected Employee shall be vested in that Selected Employee on the date falling on the first anniversary of the relevant Reference Date (or, if such date is not a business day, the business day immediately following such date) or at such times and in such manner as determined by the Remuneration Committee and approved by the Board from time to time, provided that such Selected Employee remains at all times after the relevant

Reference Date and on the relevant Vesting Date(s) an Employee and that such Selected Employee has, as of the relevant Vesting Date(s), achieved the key performance indicator (if any) as specified in the Letter of Grant or as determined by the Remuneration Committee and approved by the Board and satisfied all the conditions as specified in the Letter of Grant or otherwise required by the Company under the Scheme. (The date on which the Awarded Shares are to be vested in accordance with this section headed “Vesting and Lapse” is referred to as a “**Vesting Date**”.)

Unless otherwise determined by the Board, an Award (to the extent not vested) shall automatically lapse if, on or prior to the relevant Vesting Date, (i) a Selected Employee ceases to be an Employee (including by reason of retirement or death or otherwise), or (ii) a Selected Employee is found to be an Excluded Employee, or (iii) a Selected Employee fails to achieve the key performance indicator (if any) as specified in the Letter of Grant or as determined by the Remuneration Committee and approved by the Board or fails to satisfy any condition as specified in the Letter of Grant or otherwise required by the Company under the Scheme, or (iv) the company by which a Selected Employee is employed ceases to be a member of the Group, or (v) an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company (otherwise than for the purposes of an amalgamation, reconstruction or scheme of arrangement) (each of these, an event of “**Lapse**”).

In the event that on or prior to the relevant Vesting Date, a Selected Employee fails to return duly executed transfer documents prescribed by the Company for the relevant Awarded Shares within the stipulated period (an event of “**Partial Lapse**”), the relevant part of an Award made to the relevant Selected Employee representing the relevant Awarded Shares shall automatically lapse.

In the event of a Lapse or a Partial Lapse, all the relevant Awarded Shares shall not be vested on the relevant Vesting Date but shall immediately become Returned Shares for the purposes of the Scheme. The Selected Employees shall have no claims against the Company or the Trustee.

The Trustee shall hold the Returned Shares exclusively for the benefit of all or one or more of the Selected Employees, as the Trustee in its discretion shall at any time determine and subject to such terms and conditions as it may think fit, after having taken into consideration recommendations made by the Chairman, considered and consented to by the Remuneration Committee and approved by the Board.

If there occurs an event of change in Control of the Company, whether by way of offer, merger, scheme of arrangement or otherwise, all the Awarded Shares shall immediately be vested on the date which such change in Control event becomes or is declared unconditional and such date shall be deemed the Vesting Date.

### **Voting Rights**

The Trustee shall not exercise the voting rights in respect of any Shares held under the Trust (including but not limited to the Awarded Shares, the Returned Shares, any bonus Shares and scrip Shares).

### **Vesting Limit**

The total number of Awarded Shares to be vested in all Selected Employees in respect of each Financial Year shall not exceed 5 million Shares. The number of Awarded Shares to be granted to the executive Directors, the non-executive Directors and other Employees (who are Selected Employees) in respect of each Financial Year shall be subject to such ratio or in such other manner as determined by the Remuneration Committee and approved by the Board.

### **Restrictions**

No Award shall be made to any Selected Employees and no payment shall be made to and no instruction to purchase Shares shall be given to the Trustee under the Scheme:

- (a) after a price sensitive event in relation to the securities of the Company has occurred or a price sensitive matter in relation to the securities of the Company has been the subject of a decision or any director of any member of the Group is in possession of unpublished price sensitive information in relation to any member of the Group, until such price sensitive information has been published in accordance with the Listing Rules;
- (b) where dealings by any director of any member of the Group are prohibited under any Applicable Laws from time to time; or
- (c) in any other circumstances which are prohibited under any Applicable Laws or where the requisite approval from any applicable regulatory authorities has not been granted.

## **Limitation**

In the event that:

- (a) the product of (i) the total number of Awarded Shares granted or to be granted in respect of any relevant Financial Year to a Selected Employee who is not a director of any member of the Group multiplied by (ii) the closing price per Share as stated in the Stock Exchange's daily quotation sheets for the last trading day of the Stock Exchange (on which the trading of Shares has not been suspended) of such year

is less than

- (b) 20% of the total amount of remuneration (which shall include remuneration of all kinds and payable in whatever manner, including without limitation basic salary and bonus (if any), and, for the purpose of calculating the Threshold, shall exclude the Awarded Shares granted or to be granted to such Selected Employee in respect of such year) payable to such Selected Employee in respect of such year ("**Threshold**"),

such Selected Employee shall be restricted from trading in the Awarded Shares after such Shares are vested in him on the relevant Vesting Date until the product of (i) the total number of Awarded Shares granted or to be granted in respect of such year to such Selected Employee multiplied by (ii) the then market price per Share is equal to or more than the Threshold, or until such other time as determined by the Remuneration Committee and approved by the Board from time to time.

## **Tax Indemnity**

It shall be a term and condition of every Award that the relevant Selected Employee indemnifies the relevant member of the Group against any Award Tax Liability. If any Award Tax Liability arises in relation to anything done pursuant to the Scheme, the Company shall give notice in writing to the relevant Selected Employee informing him of the amount of his Award Tax Liability, and the relevant Selected Employee shall forthwith make all necessary and appropriate arrangements to the absolute satisfaction of the Company for payment of such amount of Award Tax Liability in accordance with the said written notice.

## **Alteration of the Scheme**

The Scheme may be altered by a resolution of the Board provided that no such alteration shall operate to affect adversely in any material respect any subsisting rights of any Selected Employee under the Scheme except with the prior written consent of the relevant Selected Employee. Written notice of any amendment to the Scheme shall be given to all Selected Employees with subsisting Awards.

## **Termination**

The Scheme shall terminate on the earliest of (a) the date when an order for the winding up of the Company is made or a resolution is passed for the voluntary winding-up of the Company (otherwise than for the purposes of an amalgamation, reconstruction or scheme of arrangement); and (b) such date of termination as determined by the Board from time to time.

Upon termination, (a) no further Award shall be made but the provisions of the Scheme shall remain in full force and effect to the extent necessary to give effect to any Awards granted prior thereto or otherwise as may be required in accordance with the provisions of the Scheme; (b) all the Awarded Shares not yet vested shall become vested on the Selected Employee(s) so referable on such date of termination (save in respect of a Lapse and subject to the section headed “Vesting Limit” above); (c) Returned Shares and such non-cash income remaining in the trust fund of the Trust shall be sold by the Trustee in accordance with the Scheme Rules; and (d) Residual Cash, net proceeds of sale mentioned in (c) above and such other funds remaining in the Trust (after making appropriate deductions) shall be remitted to the Company forthwith after the sale.

## **Cancellation**

Prior to the relevant Vesting Date, the Board shall have the absolute discretion to cancel any Awards if the relevant Selected Employee so agreed, and a Selected Employee may, by giving notice in writing to the Board before the relevant Vesting Date, direct that the Shares subject to the Award granted to him shall not be vested in him on the relevant Vesting Date. In any of such events, all the relevant Awarded Shares which are held by the Trustee shall not be vested on the relevant Vesting Date but shall become Returned Shares for the purposes of the Scheme.



## DEFINITIONS

Unless otherwise defined, the following expressions in this announcement shall have the following meanings:

- “Adoption Date”** 4 September 2009 (the date on which the Scheme is adopted by the Board);
- “Applicable Laws”** any relevant laws, regulations, rules and codes (including those of Hong Kong and overseas jurisdictions as may be applicable and including, for the avoidance of doubt, the Listing Rules);
- “associate(s)”** shall have the meaning ascribed to it under the Listing Rules;
- “Award”** an award of Shares to a Selected Employee pursuant to the Scheme;
- “Award Tax Liability”** in relation to a Selected Employee, any liability of any relevant member of the Group to account to any tax authority for any amount of, or representing, income tax or social security contributions or any other tax charge, levy or other sum under the laws of any jurisdictions which may arise on the grant, vesting, transfer, assignment or release of an Award or the acquisition of Shares or of any interest in Shares under the Scheme;
- “Awarded Shares”** such number of Shares proposed by the Chairman, considered and consented to by the Remuneration Committee and approved by the Board and purchased by the Trustee out of cash paid by the Company to the Trustee pursuant to the Scheme Rules, or such number of Returned Shares awarded by the Trustee pursuant to the Scheme Rules, in each case as proportionally adjusted for any alteration in the share capital of the Company from time to time;
- “Banks”** banks licensed to operate as banks in Hong Kong under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong);
- “Board”** the board of Directors or such committee or sub-committee or person(s) delegated with the power and authority by the board of Directors to administer the Scheme;
- “Chairman”** the chairman of the Board;

<b>“chief executive”</b>	shall have the meaning ascribed to it under the Listing Rules;
<b>“Company”</b>	Xingda International Holdings Limited, a company incorporated under the laws of the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange;
<b>“connected person(s)”</b>	shall have the meaning ascribed to it under the Listing Rules;
<b>“Control”</b>	has the meaning ascribed to it in the Code on Takeovers and Mergers of Hong Kong from time to time and in case a waiver is granted pursuant to the said Code for the making of a general offer, it shall be deemed that no event of change in Control has occurred;
<b>“Director(s)”</b>	the director(s) of the Company;
<b>“Earnings Per Share”</b>	in respect of a Financial year, means (i) the profit attributable to owners of the Company for that Financial Year divided by (ii) the weighted average number of ordinary shares of the Company in issue during that Financial Year;
<b>“Employee”</b>	any employee (including without limitation an employee who is also a director, supervisor or senior management) of any member of the Group but excluding any Excluded Employee;
<b>“Excluded Employee”</b>	(a) any employee (including without limitation an employee who is also a director, supervisor or senior management) of any member of the Group who is a connected person (including without limitation any chief executive, director, supervisor, promoter, substantial shareholder and their respective associates) of any member of the Group any of such employees the Award to whom is not subject to independent shareholders’ approval requirements under the Listing Rules; or (b) any of such employees who is resident in a place where (i) the award of the Awarded Shares, the award of the Returned Shares or the vesting or transfer of Shares pursuant to the terms of the Scheme is not permitted under the Applicable Laws of such place or (ii) in the view of the Board, the need to comply with Applicable Laws in such place makes it necessary or expedient to exclude such employee, in each case as determined by the Board in its absolute discretion;

<b>“Financial Year”</b>	each or any of the financial years ending 31 December of the Company during the subsistence of the Scheme;
<b>“Group”</b>	the Company and its subsidiaries or any of them and the expression <b>“member of the Group”</b> shall be construed accordingly;
<b>“HK\$”</b>	Hong Kong dollars, the lawful currency of Hong Kong;
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the People’s Republic of China;
<b>“Lapse”</b>	shall have the meaning as set out in the section headed “Vesting and Lapse”;
<b>“Letter of Grant”</b>	shall have the meaning as set out in the section headed “Operation of the Scheme”;
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange;
<b>“Partial Lapse”</b>	shall have the meaning as set out in the section headed “Vesting and Lapse”;
<b>“Reference Amount”</b>	the sum of (i) the number of Shares to be purchased by the Trustee on each occasion in accordance with the Company’s instruction to the Trustee multiplied by the closing price per Share as at the trading day of the Stock Exchange (on which the trading of the Shares has not been suspended) immediately preceding such date of instruction and (ii) the related purchase expenses (including but not limited to the brokerage fee, stamp duty, SFC transaction levy; Stock Exchange trading fee and investor compensation levy and such other necessary expenses required for the completion of the purchase of all such Shares);
<b>“Reference Date”</b>	the date of approval by the Board of the total number of Shares to be awarded to each Selected Employee in respect of the relevant Financial Year;
<b>“Remuneration Committee”</b>	the remuneration and management development committee of the Company comprising at least two members with a majority of independent non-executive Directors or such members as designated by the Board from time to time in accordance with the Listing Rules;

<b>“Residual Cash”</b>	being cash remaining in the trust fund of the Trust (including but not limited to interest income derived from deposits maintained with Banks, cash income and sale proceeds of any nil paid right, bonus warrant, other non-cash and non-scrip distribution derived from the Shares held upon the Trust);
<b>“Returned Shares”</b>	such Awarded Shares which are not vested in accordance with the terms of the Scheme (whether as a result of a Lapse or a Partial Lapse or otherwise), or such Shares which are deemed under the Scheme or the Scheme Rules to be Returned Shares;
<b>“Scheme”</b>	the “Xingda Share Award Scheme” constituted by the rules thereof, as amended from time to time;
<b>“Scheme Rules”</b>	the rules relating to the Scheme, as amended from time to time;
<b>“Selected Employee(s)”</b>	Employee(s) selected by the Remuneration Committee (after taking into consideration recommendations and suggestions made by the Chairman) and approved by the Board pursuant to the Scheme Rules and Employee(s) selected by the Trustee after having taken into consideration recommendations made by the Chairman, considered and consented to by the Remuneration Committee and approved by the Board pursuant to the Scheme Rules for participation in the Scheme;
<b>“SFC”</b>	the Securities and Futures Commission of Hong Kong;
<b>“Shares”</b>	ordinary shares of par value of HK\$0.10 each in the capital of the Company (or of such other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of the Company from time to time);
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited;
<b>“subsidiary” or “subsidiaries”</b>	has the meaning ascribed to it in the Companies Ordinance (Chapter 32 of the Laws of Hong Kong);
<b>“substantial shareholder”</b>	shall have the meaning ascribed to it under the Listing Rules;

- “Threshold”** shall have the meaning as set out in the section headed “Limitation”;
- “Trust”** the trust constituted by the Trust Deed and known as the “Xingda Share Award Scheme Trust” or such other name as the Board may determine from time to time;
- “Trust Account(s)”** the bank account(s), being segregated trust account(s) in the name of the Trustee operated by the Trustee under the Trust;
- “Trust Deed”** a trust deed dated 4 September 2009 entered into between the Company and the Trustee (as restated, supplemented and amended from time to time); and
- “Trustee”** BOCI-Prudential Trustee Limited and any additional or replacement trustee(s), being the trustee(s) for the time being of the trust(s) declared in the Trust Deed.
- “Vesting Date”** shall have the meaning as set out in the section headed “Vesting and Lapse”.

By Order of the Board of  
**Xingda International Holdings Limited**  
**Liu Jinlan**  
*Chairman of the Board*

Hong Kong, 18 September 2009

*As at the date of this announcement, the executive Directors are Mr. Liu Jinlan, Mr. Liu Xiang, Mr. Tao Jinxiang, Mr. Wu Xinghua, Mr. Cao Junyong and Mr. Zhang Yuxiao; the non-executive Directors are Mr. Lu Guangming George, Ms. Wu Xiaohui and Mr. Zhou Mingchen; and the independent non-executive Directors are Mr. Koo Fook Sun, Louis, Mr. William John Sharp and Ms. Xu Chunhua.*