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XINGDA

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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)

**DISCLOSEABLE AND CONNECTED TRANSACTION
ACQUISITION OF 22.2% EQUITY INTEREST
IN SHANDONG XINGDA STEEL TYRE CORD CO., LTD.**

THE ACQUISITION

Pursuant to the Equity Transfer Agreement dated 1 February 2016, the Purchaser, an indirect non wholly-owned subsidiary of the Company, conditionally agreed to acquire, and the Vendor conditionally agreed to sell, certain equity interest in Shandong Xingda (representing 24.5% of the total paid-up capital of Shandong Xingda as at the date of the Equity Transfer Agreement) at the consideration of RMB117,548,600 (equivalent to approximately HK\$139,606,400).

Immediately prior to the signing of the Equity Transfer Agreement, Shandong Xingda had a total paid up capital of US\$75,000,000 (equivalent to approximately HK\$582,600,000) and was owned as to 51%, 24.5% and 24.5% by Faith Maple (a wholly-owned subsidiary of the Company), Hong Yuan and the Vendor respectively. The Purchaser has subsequently provided a capital injection in the amount of RMB51,000,000 (equivalent to approximately HK\$60,570,000) to Shandong Xingda. As at the date of the Notice served by the Vendor to the Purchaser, Shandong Xingda had a total paid-up capital of approximately US\$82,775,000 (equivalent to approximately HK\$642,996,000) and was owned as to approximately 46.2%, 22.2%, 22.2% and 9.4% by Faith Maple (a wholly-owned subsidiary of the Company), Hong Yuan, the Vendor and the Purchaser respectively. Upon Completion (assuming there is no other change in the paid-up capital of Shandong Xingda), Shandong Xingda will be owned as to approximately 46.2%, 22.2% and 31.6% by Faith Maple (a wholly-owned subsidiary of the Company), Hong Yuan and the Purchaser respectively, and will remain as a subsidiary of the Company.

LISTING RULES IMPLICATIONS

As the Vendor is a substantial shareholder of Shandong Xingda, a subsidiary of the Company, (i) the Vendor is a connected person of the Company at the subsidiary level; and (ii) Shengtai and Shandong Shengshi, being associates of Vendor, are connected persons of the Company at the subsidiary level under Chapter 14A of the Listing Rules.

As the highest applicable ratio under Rule 14.07 of the Listing Rules is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

On 6 June 2016, the Board has approved, confirmed and ratified the Equity Transfer Agreement and the transactions contemplated thereunder, and the independent non-executive Directors have confirmed that the terms of the Equity Transfer Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms, and in the interests of the Company and its Shareholders as a whole. The Acquisition is therefore, pursuant to Rule 14A.101 of the Listing Rules, exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE ACQUISITION

Pursuant to the Equity Transfer Agreement dated 1 February 2016, the Purchaser, an indirect non wholly-owned subsidiary of the Company, conditionally agreed to acquire, and the Vendor conditionally agreed to sell, certain equity interest in Shandong Xingda (representing 24.5% of the total paid-up capital of Shandong Xingda as at the date of the Equity Transfer Agreement) at the consideration of RMB117,548,600 (equivalent to approximately HK\$139,606,400).

Set out below are the principal terms of the Equity Transfer Agreement:

Date

1 February 2016

Parties

- (i) the Purchaser, an indirect non wholly-owned subsidiary of the Company, as the purchaser; and
- (ii) the Vendor, as the vendor.

Immediately prior to the signing of the Equity Transfer Agreement, Shandong Xingda had a total paid-up capital of US\$75,000,000 (equivalent to approximately HK\$582,600,000) and was owned as to 51%, 24.5% and 24.5% by Faith Maple (a wholly-owned subsidiary of the Company), Hong Yuan and the Vendor respectively.

Assets to be acquired

Pursuant to the Equity Transfer Agreement, the Purchaser conditionally agreed to acquire certain equity interest in Shandong Xingda (representing 24.5% of the total paid-up capital of Shandong Xingda as at the date of the Equity Transfer Agreement) held by the Vendor in Shandong Xingda.

The Purchaser has subsequently provided a capital injection in the amount of RMB51,000,000 (equivalent to approximately HK\$60,570,000) to Shandong Xingda. As at the date of the Notice served by the Vendor to the Purchaser, Shandong Xingda had a total paid-up capital of approximately US\$82,775,000 (equivalent to approximately HK\$642,996,000) and was owned as to approximately 46.2%, 22.2%, 22.2% and 9.4% by Faith Maple (a wholly-owned subsidiary of the Company), Hong Yuan, the Vendor and the Purchaser respectively. Therefore, as at the date of this announcement, the equity interest in Shandong Xingda held by the Vendor to be acquired by the Purchaser is the 22.2% equity interest in Shandong Xingda (representing the paid-up capital in the amount of US\$18,375,000 (equivalent to approximately HK\$142,737,000) contributed by the Vendor out of the total paid-up capital of Shandong Xingda in the amount of approximately US\$82,775,000 (equivalent to approximately HK\$642,996,000) as at the date of this announcement).

Upon Completion (assuming there is no other change in the paid-up capital of Shandong Xingda), Shandong Xingda will be owned as to approximately 46.2%, 22.2% and 31.6% by Faith Maple (a wholly-owned subsidiary of the Company), Hong Yuan and the Purchaser respectively, and will remain as a subsidiary of the Company.

Condition Precedent

The Acquisition is conditional upon the happening of the following event:

- in the event that Shengtai and Shandong Shengshi are unable to pay the Outstanding Trade Debts within 180 days of the date of the Equity Transfer Agreement, the Vendor shall give the Notice to the Purchaser, in which case the Vendor and the Purchaser shall give effect to the proposed transfer of the equity interest in Shandong Xingda held by the Vendor as contemplated under the Equity Transfer Agreement.

Consideration

The Purchaser has received the Notice on 5 June 2016.

The consideration for the Acquisition is RMB117,548,600 (equivalent to approximately HK\$139,606,400) to be paid by the Purchaser to the Vendor in cash or cash equivalent within seven (7) days of receipt by the Purchaser of the Notice. As at the date of this announcement, the Purchaser has paid the consideration to the Vendor by internal resources of the Group.

According to the Equity Transfer Agreement and the Notice, the consideration for the Acquisition received by the Vendor shall be used for repaying the Outstanding Trade Debts owing by (i) Shengtai (the holding company of the Vendor); and (ii) Shandong Shengshi (a non wholly-owned subsidiary of the Vendor) to Shandong Xingda and another subsidiary of the Company.

Basis of consideration

The consideration for the Acquisition was determined after arm's length negotiations between the parties to the Equity Transfer Agreement on normal commercial terms, having taken into account various factors, including but not limited to (i) the audited net asset value of Shandong Xingda; and (ii) the amount of paid-up capital in Shandong Xingda contributed by the Vendor, being the same amount as the consideration.

INFORMATION ON THE GROUP

The Group is principally engaged in the manufacturing and distributing of radial tire cords, bead wires and sawing wires.

The Vendor is an investment holding company.

Shandong Xingda, an indirect non wholly-owned subsidiary of the Company, is a company incorporated under the laws of the PRC and is principally engaged in the business of the production and sale of radial tyre cords and hose wires, and the distribution, import and export of self-produced products and products of the same type.

Set out below is certain financial information of Shandong Xingda for the financial year ended 31 December 2014 and the financial year ended 31 December 2015:

	(Audited) For the year ended 31 December 2014 RMB	(Audited) For the year ended 31 December 2015 RMB
Net profits (losses) before taxation and extraordinary items	(238,758)	(6,304,869)
Net profits (losses) after taxation and extraordinary items	(238,758)	(6,852,668)

As at 31 December 2014 and 31 December 2015, the audited net asset value of the Shandong Xingda was, respectively, approximately RMB491,784,390 and RMB484,931,722.

The original acquisition cost of the 22.2% equity interest in Shandong Xingda to the Vendor was US\$18,375,000 (equivalent to approximately RMB117,548,600).

Upon Completion, Shandong Xingda will remain as a subsidiary of the Group.

REASONS FOR AND BENEFITS OF THE ACQUISITION

As Shengtai and Shandong Shengshi are unable to repay the Outstanding Trade Debts owing to Shandong Xingda due to their respective financial conditions, most of the proceeds of the Acquisition received by the Vendor will be used to settle the Outstanding Trade Debts in full according to the Equity Transfer Agreement and the Notice. Thus, the Group's economic interest in the Outstanding Trade Debts will be protected.

The Directors are of the view that the terms of the Equity Transfer Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. None of the Directors has a material interest in the Equity Transfer Agreement and the transactions contemplated thereunder who is required to abstain from voting on the board resolution approving the Acquisition.

The independent non-executive Directors have confirmed that the terms of the Equity Transfer Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms, and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the Vendor is a substantial shareholder of Shandong Xingda, a subsidiary of the Company, (i) the Vendor is a connected person of the Company at the subsidiary level; and (ii) Shengtai and Shandong Shengshi, being associates of Vendor, are connected persons of the Company at the subsidiary level under Chapter 14A of the Listing Rules.

As the highest applicable ratio under Rule 14.07 of the Listing Rules is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

On 6 June 2016, the Board has approved, confirmed and ratified the Equity Transfer Agreement and the transactions contemplated thereunder, and the independent non-executive Directors have confirmed that the terms of the Equity Transfer Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms, and in the interests of the Company and its Shareholders as a whole. The Acquisition is therefore, pursuant to Rule 14A.101 of the Listing Rules, exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“Acquisition”	the proposed acquisition of the 22.2% equity interest in Shandong Xingda (representing the paid-up capital in the amount of US\$18,375,000 (equivalent to approximately HK\$142,737,000) contributed by the Vendor out of the total paid-up capital of Shandong Xingda in the amount of approximately US\$82,775,000 (equivalent to approximately 642,996,000) as at the date of this announcement) by the Purchaser from the Vendor pursuant to the terms and conditions of the Equity Transfer Agreement
“Board”	the board of Directors
“Company”	Xingda International Holdings Limited (興達國際控股有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Equity Transfer Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Equity Transfer Agreement”	the equity transfer agreement dated 1 February 2016 entered into between the Purchaser and the Vendor in relation to the Acquisition, as supplemented by the Supplemental Agreement
“Faith Maple”	Faith Maple International Ltd., a company incorporated in the British Virgin Islands, being a wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Yuan”	廣饒縣鴻源投資有限公司 (Guang Rao Hong Yuan Investment Company Limited), a company incorporated in the PRC

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Notice”	the notice to be served by the Vendor on the Purchaser in writing that Shengtai and Shandong Shengshi are unable to pay the Outstanding Trade Debts, in which case the Vendor and the Purchaser shall give effect to the proposed transfer of equity interest in Shandong Xingda held by the Vendor as contemplated under the Equity Transfer Agreement
“Outstanding Trade Debts”	the outstanding trade debts owing by Shengtai and Shandong Shengshi to Shandong Xingda and another subsidiary of the Company from time to time
“PRC”	the People’s Republic of China
“Purchaser”	江蘇興達特種金屬複合線有限公司 (Jiangsu Xingda Special Cord Co., Ltd.), a company established in the PRC and an indirect non wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Shandong Shengshi”	山東盛世泰來橡膠科技有限公司 (Shandong Sheng Shi Tai Lai Rubber Technology Co., Ltd.), a company established in the PRC and a non wholly-owned subsidiary of the Vendor
“Shandong Xingda”	山東興達鋼簾線有限公司 (Shandong Xingda Steel Tyre Cord Co., Ltd.), a company established in the PRC and an indirect non wholly-owned subsidiary of the Company
“Shareholder(s)”	holder(s) of share(s) of the Company
“Shengtai”	盛泰集團有限公司 (Shengtai Group Co., Ltd.), a company established in the PRC and the holding company of the Vendor
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	the supplemental agreement dated 1 February 2016 entered into between the Purchaser and the Vendor which supplements the Equity Transfer Agreement
“US\$”	the lawful currency of the United States of America

“Vendor” 廣饒縣鴻凱投資有限公司 (Guang Rao Hong Kai Investment Company Limited), a company incorporated in the PRC

“%” per cent

For purpose of this announcement, the exchange rates of (i) US\$1 = HK\$7.768; and (ii) HK\$1 = RMB0.842 have been used, where applicable, for purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be exchanged at such rates or any other rates or at all on the date or dates in question or any other date.

The English names of the PRC entities referred to in this announcement are translations from their Chinese names and are for identification purposes only. If there is any inconsistency, the Chinese name shall prevail.

By order of the Board
Xingda International Holdings Limited
Liu Jinlan
Chairman of the Board

Shanghai, 7 June 2016

As at the date of this announcement, the executive directors of the Company are Mr. Liu Jinlan, Mr. Liu Xiang, Mr. Tao Jinxiang and Mr. Zhang Yuxiao; the non-executive director of the Company is Ms. Wu Xiaohui; and the independent non-executive directors of the Company are Mr. Koo Fook Sun, Louis, Mr. William John Sharp and Ms. Xu Chunhua.