

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



XINGDA

兴 达

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 TRANSACTION
INVESTMENT AGREEMENT IN RELATION TO THE FORMATION OF A
JOINT VENTURE COMPANY**

THE INVESTMENT AGREEMENT

The Board is pleased to announce that on 27 September 2023, Jiangsu Xingda, an indirect non-wholly owned subsidiary of the Company, and Huaqin Rubber entered into the Investment Agreement in respect of, among others, the formation of the JV Company, the non-cash contributions towards the registered capital of the JV Company and operation and management of the affairs of the JV Company. The JV Company will be principally engaged in the manufacture of steel cords in relation to radial tire framework materials.

Pursuant to the Investment Agreement, the total investment amount towards the JV Company will be RMB600 million, 60% of which will be contributed by Jiangsu Xingda through provision of production equipment and 40% of which will be contributed by Huaqin Rubber through provision of land and factory.

The JV Company shall be recognised as an indirect non-wholly-owned subsidiary of the Company and its accounts shall be consolidated with those of the Company.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Investment Agreement exceeds 5% and all of the percentage ratios are less than 25%, the entering into of the Investment Agreement constitutes a discloseable transaction of the Company and are subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 27 September 2023, Jiangsu Xingda, an indirect non-wholly owned subsidiary of the Company, and Huaqin Rubber entered into the Investment Agreement in respect of, among others, the formation of the JV Company, the non-cash contributions towards the registered capital of the JV Company and operation and management of the affairs of the JV Company. The JV Company will be principally engaged in the manufacture of steel cords in relation to radial tire framework materials.

Set out below is the summary of the principal terms of the Investment Agreement:

THE INVESTMENT AGREEMENT

Date

27 September 2023

Parties

- (1) Jiangsu Xingda, an indirect non-wholly-owned subsidiary of the Company; and
- (2) Huaqin Rubber.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, Huaqin Rubber and its ultimate beneficial owners (namely Niu Teng and Niu Yishun) are third parties independent of the Company and its connected persons.

Business scope of the JV Company

The JV Company will be engaged in the manufacture of steel cords in relation to radial tire framework materials.

The JV Company shall be recognised as an indirect non-wholly-owned subsidiary of the Company and its accounts shall be consolidated with those of the Company.

Total investment amount

The total investment amount towards the JV Company will be RMB600 million, 60% of which will be contributed by Jiangsu Xingda through provision of production equipment and 40% of which will be contributed by Huaqin Rubber through provision of land and factory. The production scale is 50,000 tonnes of steel cords.

If the property rights such as equipment, land use rights and real property ownership to be used for the investment by Jiangsu Xingda and Huaqin Rubber do not reach their respective investment amounts, each of Jiangsu Xingda and Huaqin Rubber shall contribute in cash to make up for the relevant shortfall.

Jiangsu Xingda shall contribute its legally owned equipment, and shall arrange for valuation in respect of such assets and obtain the valuation report within 12 months after the date of the Investment Agreement. Within 12 months after the formation of the JV Company, it shall perform its obligation in relation to the transfer of such assets in accordance with the relevant laws and regulations.

Huaqin Rubber shall contribute its legally owned land use rights and real property ownership, and shall arrange for valuation in respect of such assets and obtain the valuation report within 12 months after the date of the Investment Agreement. Within 12 months after the formation of the JV Company, it shall perform its obligation in relation to the transfer of such assets in accordance with the relevant laws and regulations. For the avoidance of doubt, the real property to be contributed by Huaqin Rubber towards the investment amount are limited to the production plant, land in relation to public engineering equipment which assists in production, roads in respect of the factory area and land for other necessary facilities in respect of the JV Company's project in relation to the production of 50,000 tonnes of steel cords.

The amount of investment by each of Jiangsu Xingda and Huaqin Rubber was arrived at after arm's length negotiations between Jiangsu Xingda and Huaqin Rubber with reference to, among others, the estimated initial capital requirement of the JV Company and the costs required for the project to be undertaken by the JV Company in relation to the production of 50,000 tonnes of steel cords.

Initial Registered capital

The total investment amount towards the JV Company will be RMB600 million, of which (i) the initial registered capital (which is also the initial investment amount) is tentatively RMB100 million; and (ii) the remaining RMB500 million will be contributed towards the JV Company in terms of additional registered capital, capital reserves or loans according to the capital contribution ratio negotiated by Jiangsu Xingda and Huaqin Rubber.

The initial registered capital of the JV Company is expected to be RMB100 million, to be contributed as follows:

Party	Amount of registered capital to be contributed	Shareholding percentage	Method of contribution	Date by which contribution has to be made
Jiangsu Xingda	RMB60 million	60%	Equipment	31 December 2024
Huaqin Rubber	RMB40 million	40%	Land use rights, real property ownership	31 December 2024
Total	RMB100 million	100%		

After the completion of the contributions by Jiangsu Xingda and Huaqin Rubber, they should procure the JV Company to engage an accounting firm acceptable to both parties to conduct capital verification and issue capital verification report.

Board composition, supervisor and management

The board of directors of the JV Company shall comprise 3 directors, 2 of whom shall be appointed by Jiangsu Xingda and 1 of whom shall be appointed by Huaqin Rubber. The board of directors of the JV Company shall have 1 chairman.

The JV Company will not have a supervisory committee. It will have a supervisor to be appointed by Jiangsu Xingda and Huaqin Rubber after negotiation.

The daily operation and management of the JV Company will be the responsibility of a factory director (manager) under the leadership of the board of directors of the JV Company. The chairman of the board of the JV Company is the legal representative of the JV Company. There is one factory director (manager).

Distribution policy

Distribution of profits to the shareholders of the JV Company shall be based on the proportion of their actual capital contributions towards the JV Company.

Restriction on transfer of equity interest

Without the written consent of one party to the Investment Agreement, the other party shall not transfer, dispose, charge or otherwise deal with the equity interest in the JV Company it holds in any way, nor may it create any restrictions or other encumbrances in any form in respect of the equity interest in the JV Company that it holds.

Non-competition

During the term of operation of the JV Company, Huaqin Rubber and its related parties:

- (i) shall engage in businesses, at present and in the future, not involving in the research and development, manufacturing, or the sales of steel cords in relation to radial tire framework materials for vehicles with copper coating or any intermediary products that are related to the production of such steel cords;
- (ii) shall not make (i) any form of investments into the competitors of Jiangsu Xingda and its related parties; (ii) engage in any businesses with the aforementioned competitors; and (iii) enter into any agreement, commitment or any other arrangement that may limit, undermine, or potentially limit or undermine the businesses of Jiangsu Xingda and its related parties.

Special undertakings

Undertakings of Jiangsu Xingda

- (1) Jiangsu Xingda shall ensure that it legally owns and has the right to deal with the equipment in relation to the investment, and it shall transfer the aforesaid equipment to the JV Company in accordance with the provisions of the Investment Agreement.
- (2) Jiangsu Xingda shall be responsible for all operations and management of the JV Company, and shall ensure that it and the management team assigned to the JV Company by it will procure the normal operations of the JV Company.
- (3) Since Jiangsu Xingda is a subsidiary indirectly controlled by the Company, which is listed on the Stock Exchange, Jiangsu Xingda shall ensure that all necessary disclosure procedures (if any) have been complied with in relation to the investment and formation of the JV Company.

Undertakings of Huaqin Rubber

- (1) Huaqin Rubber shall ensure that it legally owns and has the right to deal with the land use rights and real property ownership in relation to the investment, and it shall transfer the aforesaid land use rights and real property ownership to the JV Company in accordance with the provisions of the Investment Agreement, and in relation to the aforesaid assets, assist the JV Company to obtain all necessary approvals, registrations and/or ownership certificates, and transfer relevant documents and licenses related to the abovementioned land use rights and real property ownership, including but not limited to construction land approval certificate, construction planning permit, construction permit, environmental impact assessment report, project approval, fire acceptance certificate, etc.
- (2) Huaqin Rubber shall assist the JV Company to apply for and obtain all tax incentives, financial subsidies, etc. that the JV Company is entitled to under PRC law.

- (3) Huaqin Rubber shall provide the JV Company with the basic facilities, services and public facilities required for its operations, such as water supply, power supply, heat, gas, telecommunications, etc., and complete various procedures including “seven connections and one level” in relation to the project.

INFORMATION ON THE GROUP AND THE PARTIES TO THE INVESTMENT AGREEMENT

Jiangsu Xingda and the Group

Jiangsu Xingda is a company established in the PRC and an indirect non-wholly-owned subsidiary of the Company. Jiangsu Xingda is principally engaged in the manufacture and distribution of radial tire cords, bead wires and other wires.

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

Huaqin Rubber

Huaqin Rubber is a company established in the PRC and is principally engaged in the business of manufacture of rubber, involving in businesses on electricity generation, new energy, metal products, real estate development and capital operation. To the best of the knowledge, information and belief of the Directors, the ultimate beneficial owners of the Huaqin Rubber are Niu Teng and Niu Yishun.

REASONS FOR AND BENEFITS OF FORMATION OF THE JV COMPANY

The Group is principally engaged in the manufacturing and trading of radial tire cords, bead wires and other wires. Leveraging on the technology and know-how of the Group in relation to the manufacture of radial tire cords and the ability of Huaqin Rubber to provide a suitable site for the production of steel cords in relation to radial tire framework materials, it is expected that the formation of the JV Company would create business synergies between the Group and Huaqin Rubber. It is further expected that the JV Company will bolster the Group’s production capacity, broaden its revenue base and enlarge its business footprint in the PRC.

The Directors (including the independent non-executive Directors) are of the view that the Investment Agreement was entered into on normal commercial terms and the terms of the Investment Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Investment Agreement exceeds 5% and all of the percentage ratios are less than 25%, the entering into of the Investment Agreement constitutes a discloseable transaction of the Company and are subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“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 (stock code: 1899)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huaqin Rubber”	華勤橡膠工業集團有限公司 (Huaqin Rubber Industry Group Co., Ltd*), a company established in the PRC with limited liability
“Investment Agreement”	the investment agreement dated 27 September 2023 and entered into between Jiangsu Xingda and Huaqin Rubber in respect of, among others, the formation of the JV Company, the non-cash contributions towards the registered capital of the JV Company and operation and management of the affairs of the JV Company
“Jiangsu Xingda”	江蘇興達鋼簾線股份有限公司 (Jiangsu Xingda Steel Tyre Cord Co., Ltd*), a limited liability company established in the PRC and an indirect non-wholly owned subsidiary of the Company
“JV Company”	the company to be established in the PRC pursuant to the Investment Agreement which (i) will be held as to 60% by Jiangsu Xingda and 40% by the Huaqin Rubber; and (ii) is expected to be named as 興達(濟寧)鋼簾線有限公司 (Xingda (Jining) Steel Cord Co., Ltd.*), subject to the name being approved and registered with the relevant authority in the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

By order of the Board
XINGDA INTERNATIONAL HOLDINGS LIMITED
Liu Jinlan
Chairman

Shanghai, the PRC, 27 September 2023

As at the date of this announcement, the executive Directors are Mr. LIU Jinlan, Mr. LIU Xiang, and Mr. ZHANG Yuxiao and the independent non-executive Directors are Mr. KOO Fook Sun, Louis, Mr. LUO Tiejun and Ms. XU Chunhua.

* *for identification purpose only*