



**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)**

*Executive Directors:*

Mr. Liu Jinlan (*Chairman*)

Mr. Liu Xiang

Mr. Tao Jinxiang

Mr. Zhang Yuxiao

*Registered office:*

Cricket Square

Hutchins Drive, P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Independent non-executive Directors:*

Mr. Koo Fook Sun, Louis

Mr. William John Sharp (*Vice Chairman*)

Ms. Xu Chunhua

*Head office:*

6<sup>th</sup> Floor, No. 20, Lane 599

Yunling Road (East)

Putuo District

Shanghai 200062

China

*Principal place of business in Hong Kong:*

Unit S03, 7/F, Low block

Grand Millennium Plaza

181 Queen's Road Central

Central, Hong Kong

27 January 2023

*To Qualifying Shareholders*

Dear Sir or Madam,

**CONDITIONAL VOLUNTARY CASH PARTIAL OFFER BY CLSA LIMITED  
ON BEHALF OF THE JOINT OFFERORS TO ACQUIRE A MAXIMUM OF  
80,000,000 OFFER SHARES OF XINGDA INTERNATIONAL HOLDINGS LIMITED  
FROM QUALIFYING SHAREHOLDERS**

## 1. INTRODUCTION

On 7 December 2022, the Joint Offerors and the Company jointly announced that CLSA Limited, on behalf of the Joint Offerors, would, subject to the satisfaction of the Pre-Condition, make a conditional voluntary cash partial offer to acquire a maximum of 80,000,000 Offer Shares from Qualifying Shareholders at the Offer Price of HK\$1.88 per Offer Share.

As disclosed in the announcement dated 12 December 2022 jointly issued by the Joint Offerors and the Company, the Pre-Condition was satisfied on 12 December 2022.

The purpose of this Composite Document (of which this letter forms part) is to provide you with, among other things, (i) further information relating to the Group, the Joint Offerors and the Partial Offer; (ii) the letter from CLSA Limited containing details of the Partial Offer; (iii) the letter from the Independent Board Committee containing its recommendation and advice to the Qualifying Shareholders; and (iv) the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee on whether the terms of the Partial Offer are fair and reasonable so far as the Qualifying Shareholders are concerned, and as to approval and acceptance in respect of the Partial Offer.

Unless the context otherwise requires, terms defined in this Composite Document shall have the same meanings when used in this letter.

## 2. THE PARTIAL OFFER

As set out in the letter from CLSA Limited contained in this Composite Document, CLSA Limited is making the Partial Offer on behalf of the Joint Offerors in compliance with the Takeovers Code on the following basis:

### **The Partial Offer**

For each Offer Share . . . . . HK\$1.88 in cash

**The Offer Price will not be increased, and the Joint Offerors do not reserve the right to do so. Shareholders and potential investors should be aware that, following the making of this statement, the Joint Offerors will not be allowed to increase the Offer Price.**

The Offer Shares to be acquired by the Joint Offerors from the Qualifying Shareholders shall be fully paid, free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights and benefits at any time accruing and attaching thereto, including all rights to any dividend or other distributions the record date of which falls on or after the Final Closing Date. The Company confirms that as at the Latest Practicable Date, it does not have any intention to make, declare or pay any further dividend or make other distributions from the Latest Practicable Date and up to and including the Final Closing Date.

If, after the Latest Practicable Date and up to the Final Closing Date, any dividend and distributions is declared in respect of the Offer Shares and the record date of which falls on or before the Final Closing Date, the Joint Offerors reserve the right to reduce the Offer Price by an amount equal to the amount of such dividend or distributions declared, made or paid in respect of each Offer Share, in which case any reference in the Joint Announcement, this Composite Document or any other announcement or document to the Offer Price will be deemed to be a reference to the Offer Price as so reduced.

### **Pre-Condition of the Partial Offer**

As stated in the Joint Announcement, the making of the Partial Offer was subject to the obtaining of consent from the Executive in respect of the Partial Offer pursuant to Rule 28.1 of the Takeovers Code. On 12 December 2022, the Joint Offerors and the Company jointly announced that the Pre-Condition was fulfilled.

### **Conditions of the Partial Offer**

The Partial Offer is subject to the following Conditions:

- (a) valid acceptances being received (and not, where permitted, withdrawn) in respect of the Minimum Number of Offer Shares (i.e. 73,313,834 Offer Shares) and which would result in the Joint Offerors and parties acting in concert with them holding the interest in not less than 50.01% of the Shares in issue at or before 4:00 p.m. (Hong Kong time) on the First Closing Date, provided that the Joint Offerors shall purchase from the Qualifying Shareholders as many Offer Shares as are tendered by the Qualifying Shareholders up to the Maximum Number of Offer Shares (i.e. 80,000,000 Offer Shares); and
- (b) approval of the Partial Offer pursuant to Rule 28.5 of the Takeovers Code by Qualifying Shareholders who are registered as shareholders of the Company in the register of members of the Company as at the First Closing Date holding over 50% of the Shares not held by the Joint Offerors, the Joint Offerors' Shareholders and parties acting in concert with either of them, signified by means of a separate tick box on the Form of Approval and Acceptance specifying the number of Shares in respect of which the Partial Offer is approved.

In the event that valid acceptances are received:

- (a) for less than the Minimum Number of Offer Shares by the First Closing Date, unless the First Closing Date is extended in accordance with the Takeovers Code, the Partial Offer will not proceed and will lapse immediately; and
- (b) for not less than the Minimum Number of Offer Shares and which would result in the Joint Offerors and parties acting in concert with them holding the interest in not less than 50.01% of the Shares in issue on or before the First Closing Date, the Joint Offerors will declare the Partial Offer unconditional as to acceptances on or before the First Closing Date.

As at the Latest Practicable Date, there were 1,662,445,199 Shares in issue with no outstanding options, warrants, derivatives or securities that carry a right to subscribe for or that are convertible or exchangeable into Shares or other types of equity interest, and 1,030,835,742 Shares were held by the Qualifying Shareholders.

As at the Latest Practicable Date, there were 21,816,000 outstanding Award Shares awarded to the grantees under the Share Award Scheme which remained unvested, among which 5,425,000, 2,675,000, 2,675,000, 2,675,000, 2,675,000, 217,000 and 217,000 Award Shares which remained unvested were granted to Mr. Liu Jinlan, Mr. Liu Xiang, Mr. Tao Jinxiang, Mr. Zhang Yuxiao, Mr. Hang Youming, Mr. William John Sharp and Mr. Koo Fook Sun, Louis, respectively. Pursuant to the Share Award Scheme, the Trustee shall purchase Shares in the market out of cash contributed by the Company and hold such Shares until such Shares are vested in the relevant grantees. As at the Latest Practicable Date, the Trustee held 2,139,665 Shares for satisfying the unvested share awards granted to the grantees.

The Company has not granted and will not grant any new awards under the Share Award Scheme, and has not instructed and will not instruct the Trustee to purchase any Shares from the market, from the date of the Joint Announcement until after the end of the Offer Period.

Pursuant to Rule 28.3 of the Takeovers Code, the Joint Offerors and parties acting in concert with them (including any other person who is subsequently acting in concert with them) may not acquire voting rights in the Company during the 12-month period immediately following the end of the Offer Period, except with the consent of the Executive. In this regard, Mr. Liu Jinlan, Mr. Liu Xiang, Mr. Tao Jinxiang, Mr. Zhang Yuxiao and Mr. Hang Youming (i.e. the Five Parties) have requested the Company not to, and the Company will not, vest any Award Shares in them until after the expiry of the 12-month period immediately following the end of the Offer Period.

Save as aforesaid, as at the Latest Practicable Date, the Company had no other shares, options, warrants, derivatives or other securities that are convertible or exchangeable into Shares or other types of equity interest.

Further details of the Partial Offer are set out in the letter from CLSA Limited in this Composite Document, Appendix I to this Composite Document and the accompanying Form of Approval and Acceptance.

### **3. SHAREHOLDING STRUCTURE OF THE COMPANY AND EFFECT OF THE PARTIAL OFFER**

The shareholding structure of the Company as at the Latest Practicable Date and immediately upon completion of the Partial Offer (assuming that there will be no change to the issued share capital of the Company between the Latest Practicable Date and up to the Closing Date) is set out in the section headed “8. SHAREHOLDING STRUCTURE OF THE COMPANY AND EFFECT OF THE PARTIAL OFFER” in the letter from CLSA Limited in this Composite Document.

Pursuant to Rule 28.6 of the Takeovers Code, since the Joint Offerors and parties acting in concert with them will be holding more than 50% of the voting rights of the Company if the Partial Offer becomes unconditional in all respects and full valid acceptances of the Partial Offer are received, the Joint Offerors will then be free to acquire further voting rights in the Company without incurring any obligation to make a general offer subject to Rule 28.3 of the Takeovers Code (that is, the Joint Offerors and parties acting in concert with them (including any other person who is subsequently acting in concert with them) may not acquire voting rights in the Company during the 12-month period immediately following the end of the Offer Period, except with the consent of the Executive).

#### **4. INFORMATION ON THE GROUP**

The Company is an investment holding company incorporated in the Cayman Islands with limited liability and its Shares are listed on the Main Board of the Stock Exchange. The Group is principally engaged in the manufacturing and trading of radial tire cords, bead wires and other wires.

Your attention is drawn to Appendices II, III and IV to this Composite Document which contain further information in relation to the financial information of the Group, the general information of the Group and the property valuation report.

#### **5. INFORMATION ON THE JOINT OFFERORS**

Your attention is drawn to the section headed “14. INFORMATION ON THE JOINT OFFERORS” in the letter from CLSA Limited contained in this Composite Document.

#### **6. INTENTION OF THE JOINT OFFERORS REGARDING THE GROUP**

Please refer to the section headed “10. INTENTION OF THE JOINT OFFERORS REGARDING THE GROUP” in the letter from CLSA Limited for detailed information on the Joint Offeror’s intention on the business and management of the Group. The Board notes the intention of the Joint Offerors in respect of the Group and its employees as disclosed, and acknowledges that the successful implementation of the Partial Offer would allow the Five BVI Companies, the Five Parties, the controlling Shareholders and their ultimate beneficial owners, to reinforce their commitment and dedication to the Group.

#### **7. PUBLIC FLOAT**

As disclosed in the section headed “11. PUBLIC FLOAT”, in the letter from CLSA Limited, it is the intention of the Joint Offerors to maintain the listing of Shares on the Stock Exchange upon completion of the Partial Offer, and that the directors of the Joint Offerors jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares as soon as possible following the close of the Partial Offer.

The Stock Exchange has stated that if, at the close of the Partial Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that:

- (i) a false market exists or may exist in the trading of the Shares; or
- (ii) there are insufficient Shares in public hands to maintain an orderly market,

then it will consider exercising its discretion to suspend dealings in the Shares.

## **8. RECOMMENDATION**

Mr. Liu Jinlan, Mr. Liu Xiang and Mr. Zhang Yuxiao, each being an executive Director and the respective sole registered shareholder of Great Trade, In-Plus and Power Aim, and Mr. Tao Jinxiang, being an executive Director and a party to the Five Parties' Agreement and the AIC Agreement, have not joined the rest of the Board in giving their views on the Partial Offer or the recommendation to the Qualifying Shareholders as set out in this letter.

An Independent Board Committee, which comprises all of the independent non-executive Director, has been established by the Board to make a recommendation to the Qualifying Shareholders as to whether the terms of the Partial Offer are fair and reasonable and as to approval and acceptance taking into account the advice from the Independent Financial Adviser to the Independent Board Committee.

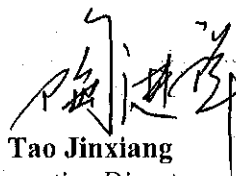
The Independent Financial Adviser has been appointed to advise the Independent Board Committee in respect of the Partial Offer and in particular as to whether the terms of the Partial Offer are fair and reasonable and as to approval and acceptance.

Shareholders are advised to read the recommendation of the Independent Board Committee set out on pages 34 to 35 of this Composite Document and the advice of the Independent Financial Adviser set out on pages 36 to 68 of this Composite Document before deciding on the actions to be taken with respect to the Partial Offer.

## **9. ADDITIONAL INFORMATION**

Your attention is also drawn to the letter from CLSA Limited and the additional information contained in the appendices to this Composite Document, and the accompanying Form of Approval and Acceptance.

Yours faithfully,  
For and on behalf of  
**Xingda International Holdings Limited**

A handwritten signature in black ink, appearing to be '陶进祥' (Tao Jinxiang), written in a cursive style.

**Tao Jinxiang**  
*Executive Director*