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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)

CHANGE IN USE OF PROCEEDS

Reference is made to the prospectus of Xingda International Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 8 December 2006 (the “**Prospectus**”) and the annual report of the Company for the year ended 31 December 2022 published on 27 April 2023 (the “**2022 Annual Report**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Prospectus and the 2022 Annual Report.

ORIGINAL USE OF PROCEEDS

As disclosed in the 2022 Annual Report, net proceeds of approximately HK\$1,087 million were raised from the initial public offering of the Company (the “**IPO Proceeds**”). As disclosed in the section headed “Future Plans and Use of Proceeds” in the Prospectus and the section headed “Use of Proceeds” in the annual report of the Company for the year ended 31 December 2006 (the “**2006 Annual Report**”), the IPO Proceeds were intended to be used for the following purposes:

- approximately HK\$550 million for the expansion of the production capacity of the production facilities;
- approximately HK\$70 million for the installation of a manufacturing execution system (MES) and logistics management system;
- approximately HK\$250 million for implementing the overseas expansion strategies through acquisition of suitable business targets;
- approximately HK\$180 million for the set-up of international development departments; and
- approximately HK\$37 million for general working capital.

CHANGE IN USE OF PROCEEDS

As at the date of this announcement, the amount of unutilized IPO Proceeds is approximately HK\$365 million.

For the reasons set out in the paragraph headed “Reasons for Change in Use of Proceeds” below, the board (the “**Board**”) of directors (the “**Directors**”) of the Company has resolved to change the allocation of the unutilised IPO Proceeds and the expected timeline of full utilisation by (a) reallocating an aggregate of approximately HK\$365 million which were originally allocated for (i) installation of a manufacturing execution system (MES) and logistics management system, (ii) implementing the overseas expansion strategies through acquisition of suitable business targets and (iii) the set-up of international development departments to (A) technical advancement and expansion of the production capacity of the production facilities and (B) general working capital; and (b) extending the expected timeline of the use of the unutilised IPO Proceeds from 31 December 2023 to 31 December 2025.

The table below sets forth the revised allocation and status of utilisation of the IPO Proceeds as at the date of this announcement and the expected timeline of the use of the unutilised IPO Proceeds:

Use of IPO Proceeds	Original allocation disclosed in the Prosepctus and the 2006 Annual Report <i>HK\$'000</i>	Actual utilised amount as at the date of this announcement <i>HK\$'000</i>	Unutilised amount as at the date of this announcement <i>HK\$'000</i>	Revised allocation of the unutilised amount <i>HK'000</i>	Updated expected timeline for utilising the remaining IPO Proceeds
Technical advancement and expansion of the production capacity of the production facilities	-	-	-	291,939	On or before 31 December 2025
Expansion of the production capacity of the production facilities	550,000	550,000	-	-	-
Installation of a manufacturing execution system (MES) and logistics management system	70,000	42,010	27,990	-	-
Implementing the overseas expansion strategies through acquisition of suitable business targets	250,000	0	250,000	-	-
Set-up of international development departments	180,000	93,051	86,949	-	-
General working capital	37,000	37,000	-	73,000	On or before 31 December 2025
Total	<u>1,087,000</u>	<u>722,061</u>	<u>364,939</u>	<u>364,939</u>	

Note: The updated expected timeline is based on the estimation made by the Board which might be subject to changes in accordance with the change in market conditions from time to time.

REASONS FOR CHANGE IN USE OF PROCEEDS

As at the date of this announcement, the funds allocated for (i) installation of a manufacturing execution system (MES) and logistics management system, (ii) implementing the overseas expansion strategies through acquisition of suitable business targets and (iii) the set-up of international development departments were utilized as to 60.0%, 0.0% and 51.7%, respectively, of the original allocation as disclosed in the 2006 Annual Report. In light of latest market conditions and the developments of the Group, the Board considers that technical advancement of the Group's production facilities, for example, performing upgrades on machinery and equipment to enhance the operating efficiency and effectiveness while reducing their emission, and further expansion of the production capacity of the Group's production facilities will enable the Group to capture more market opportunities and demand, and thus, help promote the Group's leadership status in the industry. Furthermore, to support the continuous development of the Group, the Board considers that it is appropriate to reallocate additional IPO Proceeds to be used as general working capital. The Board is of the view that this will allow the Company to deploy its financial resources more effectively to enhance operational and financial efficiency to improve the Group's profitability. The Board considers that reallocating the IPO Proceeds as aforementioned will help enhance the efficiency of the utilization of the unutilized IPO proceeds.

The Board considers that the reallocation of the unutilised IPO Proceeds will not have any material adverse impact on the existing business and operations of the Group and is in the best interest of the Company and its shareholders as a whole. Save as disclosed in this announcement, there are no other changes to the use of the IPO Proceeds.

The Board will continuously assess the plans for the use of the unutilised IPO Proceeds and may revise or amend such plans where necessary to cope with the changing market conditions in order to strive for better performance of the Group.

The shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

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

Shanghai, the PRC, 30 August 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.