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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 TRANSACTIONS

- (1) CAPITAL SUBSCRIPTION OF 2.47% EQUITY INTEREST IN JIANGSU XINGDA BY CONNECTED PERSON AT SUBSIDIARY LEVEL; AND**
(2) ACQUISITION OF 24.50% EQUITY INTEREST FROM CONNECTED PERSON AT SUBSIDIARY LEVEL

CAPITAL SUBSCRIPTION IN JIANGSU XINGDA AND ACQUISITION OF EQUITY INTEREST IN SHANDONG XINGDA UNDER CAPITAL INCREASE AGREEMENT

The Board announces that on 18 November 2020, Jiangsu Xingda (a non-wholly owned subsidiary of the Company) entered into the Capital Increase Agreement with Faith Maple (a wholly-owned subsidiary of the Company) and Dongying Rongju, pursuant to which among others, Dongying Rongju agrees to subscribe for 2.47% of the total equity interest (on an enlarged basis) in Jiangsu Xingda at an equivalent total capital contribution of approximately RMB161,163,000 which shall be satisfied by the transfer of its 24.50% equity interest in Shandong Xingda to Jiangsu Xingda.

As at date of this announcement, Shandong Xingda was a non-wholly owned subsidiary of the Company, where 42.38% and 33.12% of its total equity interest were held through Faith Maple and Xingda Special Cord (a non-wholly owned subsidiary of the Company), respectively. Upon completion of the Shandong Xingda Acquisition, Shandong Xingda would become an indirect wholly owned subsidiary of the Company.

As at the date of this announcement, Dongying Rongju does not hold any interest in Jiangsu Xingda and upon completion of the Capital Subscription, Dongying Rongju will hold 2.47% of the total equity interest (on an enlarged basis) in Jiangsu Xingda.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Dongying Rongju is a substantial shareholder of Shandong Xingda, a non-wholly owned subsidiary of the Company, and therefore a connected person of the Company. As such, the Shandong Xingda Acquisition and the Capital Subscription as contemplated under the Capital Increase Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

The applicable percentage ratio(s) (as defined in the Listing Rules) in respect of each of the Capital Subscription and the Shandong Xingda Acquisition exceed 5% but are less than 25%. Pursuant to Rule 14A.101 of the Listing Rules, given that (1) Dongying Rongju is only a connected person of the Company at the subsidiary level; (2) the Board has approved the transactions contemplated under the Capital Increase Agreement (including the Capital Subscription and the Shandong Xingda Acquisition); and (3) the Directors (including the independent non-executive Directors) are of the view that (although the transactions under the Capital Increase Agreement are not entered into in the ordinary and usual course of business of the Group), the terms of the Capital Increase Agreement are on normal commercial terms and are fair and reasonable and in the interest of the Company and its Shareholders as a whole, therefore, the Capital Subscription and the Shandong Xingda Acquisition are only subject to the reporting and announcement requirements, and are exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The aforesaid transactions also constitute discloseable transactions of the Company and are subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

The Board announces that on 18 November 2020, Jiangsu Xingda (a non-wholly owned subsidiary of the Company) entered into the Capital Increase Agreement with Faith Maple (a wholly-owned subsidiary of the Company) and Dongying Rongju, pursuant to which among others, Dongying Rongju agrees to subscribe for 2.47% of the total equity interest (on an enlarged basis) in Jiangsu Xingda at an equivalent of total capital contribution of approximately RMB161,163,000 which shall be satisfied by the transfer of its 24.50% equity interest in Shandong Xingda to Jiangsu Xingda.

CAPITAL INCREASE AGREEMENT

Details of the Capital Increase Agreement are set out below.

Date : 18 November 2020

Parties : (i) Jiangsu Xingda;

(ii) Faith Maple; and

(iii) Dongying Rongju

- Main provisions : Pursuant to the Capital Increase Agreement, it is agreed that, among others, Dongying Rongju shall subscribe for 2.47% of the total equity interest (on an enlarged basis) in Jiangsu Xingda at an equivalent of total capital contribution of approximately RMB161,163,000 which shall be satisfied by the transfer of its 24.50% of equity interest in Shandong Xingda to Jiangsu Xingda. Upon Dongying Rongju's contribution, the corresponding increase in the registered capital and capital reserve of Jiangsu Xingda will amount to approximately RMB45,526,000 and RMB115,637,000, respectively.
- Completion : The parties shall take all necessary steps to complete and effect the transactions contemplated under the Capital Increase Agreement, which include but are not limited to the following:
- (i) attending to the relevant regulatory filings to effect the relevant capital changes in Jiangsu Xingda; and
 - (ii) signing of the transaction documents under the Capital Increase Agreement (including, among others, the Shandong Xingda Equity Transfer Agreement) and attending to the relevant regulatory filings. The date of completion of the relevant regulatory filings shall be regarded as the completion date for the transactions.

SHANDONG XINGDA EQUITY TRANSFER AGREEMENT

The Shandong Xingda Equity Transfer Agreement is entered into between the parties as one of the completion documents under the Capital Increase Agreement. Details of the Shandong Xingda Equity Transfer Agreement are set out below:

- Date : 18 November 2020
- Parties : (1) Jiangsu Xingda; and
(2) Dongying Rongju
- Main provisions : Pursuant to the Shandong Xingda Equity Transfer Agreement, Dongying Rongju agrees to transfer its 24.50% equity interest in Shandong Xingda to Jiangsu Xingda, which is satisfied by the issuance of registered capital by Jiangsu Xingda representing 2.47% of its total equity interest (on an enlarged basis).
- Completion : The parties shall attend to the relevant regulatory filings to effect the transfer.

As at the date of this announcement, the Shandong Xingda Equity Transfer Agreement has been signed and completion is pending on the completion of the relevant regulatory filings.

BASIS OF CONSIDERATION

Both of (i) the amount of the Capital Subscription by Dongying Rongju and (ii) the consideration of the Shandong Xingda Acquisition were determined after arm's length negotiations among the parties to the Capital Increase Agreement with reference to the fair value of 100% equity interest in Shandong Xingda (which amounts to approximately RMB718.8 million) as at the Valuation Date valued by an independent valuer, the dividend of RMB61.0 million declared by Shandong Xingda after the Valuation Date and the shareholding percentage of the relevant equity transfer.

INFORMATION OF JIANGSU XINGDA

Jiangsu Xingda is a sino-foreign joint venture company with limited liability established under the laws of the PRC on 27 March 1998 and is principally engaged in the manufacturing and sale of radial tire cord, bead wire and specialty steel wire.

Set out below is the audited financial information of Jiangsu Xingda for the two years ended 31 December 2018 and 2019 respectively:

	For the year ended 31 December 2018	For the year ended 31 December 2019
	<i>RMB'000</i>	<i>RMB'000</i>
Net profit/(loss) before taxation and extraordinary items	363,310	502,925
Net profit/(loss) after taxation and after extraordinary items	312,228	433,793

The unaudited net asset value of Jiangsu Xingda as at 30 June 2020 was approximately RMB7,271.7 million.

INFORMATION OF SHANDONG XINGDA

Shandong Xingda is a sino-foreign joint venture company with limited liability established under the laws of the PRC on 27 June 2011 and is principally engaged in the manufacturing of radial tire cord. Shandong Xingda is responsible for part of the production of the Group's products.

The original acquisition cost of 24.50% equity interest in Shandong Xingda to Dongying Rongju was approximately RMB197.2 million.

Set out below is the audited financial information of Shandong Xingda for the two years ended 31 December 2018 and 2019 respectively:

	For the year ended 31 December 2018	For the year ended 31 December 2019
	<i>RMB'000</i>	<i>RMB'000</i>
Net profit/(loss) before taxation and extraordinary items	66,789	36,856
Net profit/(loss) after taxation and extraordinary items	52,107	25,789

The unaudited net asset value of Shandong Xingda as at 30 June 2020 was approximately RMB641.8 million.

REASONS FOR AND BENEFIT OF THE CAPITAL SUBSCRIPTION AND THE SHANDONG XINGDA ACQUISITION

Reference is made to the announcement of the Company dated 21 August 2020. The Board is considering the feasibility of a proposed spin-off and separate listing of part of the Company's existing business by way of A-shares listing on a stock exchange in the PRC (the "**Proposed Spin-off**"). The Board wishes to update shareholders and potential investors of the Company that the business now being considered as the subject matter of the Proposed Spin-off is principally the tire-related business of the Group (including research and development, manufacturing and sale of the radial tire cord and bead wire) and to retain the non-tire related business, namely the manufacturing and sale of special steel wire.

The transactions contemplated under the Capital Increase Agreement (including the Capital Subscription and the Shandong Xingda Acquisition) are part of the reorganization of the Group to consolidate the equity interest in Shandong Xingda (which is one of the production bases for the tire-related business of the Group) under Jiangsu Xingda.

The Proposed Spin-off is at a preliminary stage and no proposal in relation to the Proposed Spin-off has been submitted to any regulatory authority as at the date of this announcement. Approvals by the relevant regulatory authorities have yet to be obtained. If the Board decides to proceed with the Proposed Spin-off, the Company will submit a proposal in relation to the Proposed Spin-off to the Stock Exchange pursuant to Practice Note 15 of the Listing Rules for its approval. An application in relation to the proposed listing of A-shares will be submitted to the CSRC and/or the relevant stock exchange in the PRC for approval when it is ready. The Company will make further announcement(s) in relation to the Proposed Spin-off as and when appropriate in compliance with the Listing Rules.

The Directors (including the independent non-executive Directors) are of the view that (although the transactions under the Capital Increase Agreement and the Shandong Xingda Equity Transfer Agreement are not entered into in the ordinary and usual course of business of the Group), the terms of the Capital Increase Agreement and the Shandong Xingda Equity Transfer Agreement are on normal commercial terms and are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

None of the Directors has a material interest in the Capital Increase Agreement, the Shandong Xingda Equity Transfer Agreement or the transactions contemplated thereunder, and therefore none of them is required to abstain from voting on the board resolution(s) approving the Capital Increase Agreement and the Shandong Xingda Equity Transfer Agreement.

INFORMATION OF THE GROUP

The Group is principally engaged in the manufacturing and distributing of radial tire cord, bead wire and specialty steel wire.

Faith Maple is principally engaged in the business of investment holding.

Jiangsu Xingda is principally engaged in the research and development, manufacturing and sale of radial tire cord, bead wire and specialty steel wire.

Shandong Xingda is principally engaged in manufacture of radial tire cord.

INFORMATION OF DONGYING RONGJU

Dongying Rongju was established as a limited partnership in the PRC and is principally engaged in investment.

As at the date of this announcement and to the best information and knowledge of the Directors, the general partner of Dongying Rongju is Sui Luhao (隋祿浩) and its limited partners include Liu Caixia (劉彩霞), Cheng Gang (程剛), Ma Fanrong(馬凡榮), Wang Xiuli (王秀麗), Li Shanshan (李珊珊), Li Shusong (李樹松), Song Xinghua (宋興華), Song Anbang (宋安邦) and Wang Mingquan (王明權). To the best information and knowledge of the Directors, except that Dongying Rongju is a connected person at the subsidiary of the Group, Dongying Rongju's general partner, limited partners and beneficial owners are third parties independent of the Company and its connected persons.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Dongying Rongju is a substantial shareholder of Shandong Xingda, a non-wholly subsidiary of the Company, and therefore a connected person of the Company at subsidiary level. As such, the acquisition of 24.50% Shandong Xingda by Jiangsu Xingda from

Dongying Rongju and the capital subscription in Jiangsu Xingda by Dongying Rongju as contemplated under the Capital Increase Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

The applicable percentage ratio(s) (as defined in the Listing Rules) in respect of each of the Capital Subscription and the Shandong Xingda Acquisition exceed 5% but are less than 25%. Pursuant to Rule 14A.101 of the Listing Rules, given that (1) Dongying Rongju is only a connected person of the Company at the subsidiary level; (2) the Board has approved the transactions contemplated under the Capital Increase Agreement (including the Capital Subscription and the Shandong Xingda Acquisition); and (3) the Directors (including the independent non-executive Directors) are of the view that (although the transactions under the Capital Increase Agreement are not entered into in the ordinary and usual course of business of the Group), the terms of the Capital Increase Agreement are on normal commercial terms and are fair and reasonable and in the interest of the Company and its Shareholders as a whole, therefore, the Capital Subscription and the Shandong Xingda Acquisition are only subject to the reporting and announcement requirements, and are exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The aforesaid transactions also constitute discloseable transactions of the Company and are subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Capital Increase Agreement”	the capital increase agreement dated 18 November 2020 and entered into between Jiangsu Xingda, Faith Maple and Dongying Rongju in relation to, among others, the capital increase arising from the Capital Subscription
“Capital Subscription”	subscription for 2.47% of the total equity interest (on an enlarged basis) in Jiangsu Xingda by Dongying Rongju at an equivalent total capital contribution of approximately RMB161,163,000 which shall be satisfied by the transfer of its 24.50% of equity interest in Shandong Xingda to Jiangsu Xingda as contemplated under the Capital Increase Agreement
“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
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“Dongying Rongju”	東營融聚投資中心(有限合夥) (Dongying Rongju Investment Centre (Limited Partnership)*), a partnership incorporated in the PRC with limited liability
“Faith Maple”	Faith Maple International Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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
“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 Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“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
“Shandong Xingda Acquisition”	acquisition of 24.50% equity interest in Shandong Xingda by Jiangsu Xingda from Dongying Rongju as contemplated under the Capital Increase Agreement and the Shandong Xingda Equity Transfer Agreement

“Shandong Xingda Equity Transfer Agreement”	the equity transfer agreement dated 18 November 2020 and entered into between Dongying Rongju and Jiangsu Xingda as contemplated under the Capital Increase Agreement, pursuant to which Dongying Rongju agrees to transfer its 24.50% equity interest in Shandong Xingda to Jiangsu Xingda
“Share(s)”	share(s) of HK\$0.1 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Valuation Date”	31 July 2020
“%”	per cent

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

Shanghai, the PRC, 18 November 2020

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

* *for identification purposes only.*