
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Partial Offer, this Composite Document and/or the accompanying Form of Approval and Acceptance or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant, or other professional adviser.

If you have sold or otherwise transferred all your shares in Xingda International Holdings Limited, you should at once hand this Composite Document and the accompanying Form of Approval and Acceptance to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

This Composite Document should be read in conjunction with the accompanying Form of Approval and Acceptance, the contents of which form part of the terms and conditions of the Partial Offer.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Composite Document and the accompanying Form of Approval and Acceptance, make no representation as to their 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 Composite Document and the accompanying Form of Approval and Acceptance.

GREAT TRADE LIMITED
(incorporated in the British Virgin Islands with limited liability)
IN-PLUS LIMITED
(incorporated in the British Virgin Islands with limited liability)
POWER AIM LIMITED
(incorporated in the British Virgin Islands with limited liability)
WISE CREATIVE LIMITED
(incorporated in the British Virgin Islands with limited liability)
WIDEN SUCCESS HOLDINGS LIMITED
(incorporated in the British Virgin Islands with limited liability)


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)

COMPOSITE OFFER AND RESPONSE DOCUMENT RELATING TO 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



Exclusive Financial Adviser to the Joint Offerors



Independent Financial Adviser to the Independent Board Committee

Unless the context otherwise requires, capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this Composite Document.

A letter from CLSA Limited containing, among other things, the principal terms and conditions of the Partial Offer is set out on pages 8 to 27 of this Composite Document. A letter from the Board is set out on pages 28 to 33 of this Composite Document. A letter from the Independent Board Committee containing its recommendation to the Qualifying Shareholders in respect of the Partial Offer is set out on pages 34 to 35 of this Composite Document. A letter from the Independent Financial Adviser, containing its advice and recommendation to the Independent Board Committee in respect of the Partial Offer is set out on pages 36 to 68 of this Composite Document.

The procedures for acceptance and other related information of the Partial Offer are set out in Appendix I to this Composite Document and in the accompanying Form of Approval and Acceptance. The Form of Approval and Acceptance should be received by the Registrar no later than 4:00 p.m. (Hong Kong time) on Friday, 24 February 2023, being the First Closing Date, or such later time(s) and/or date(s) as the Joint Offerors may determine and announce in accordance with the requirements under the Takeovers Code and as the Executive may approve.

Persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the accompanying Form of Approval and Acceptance to any jurisdiction outside Hong Kong should read the details which are contained in the section headed "IMPORTANT NOTICE", the section headed "12. OVERSEAS SHAREHOLDERS" in the letter from CLSA Limited and the section headed "9. OVERSEAS SHAREHOLDERS" in Appendix I to this Composite Document before taking any action. It is the responsibility of each Overseas Shareholder wishing to accept the Partial Offer to satisfy himself, herself or itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including but not limited to the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities or legal requirements and the payment of any issue, transfer or other taxes payable by such Overseas Shareholders in respect of the acceptance of the Partial Offer in such jurisdiction. Each of the Overseas Shareholders is advised to seek professional advice on deciding whether or not to accept the Partial Offer.

This Composite Document is issued jointly by the Joint Offerors and the Company.

The English texts of this Composite Document and the accompanying Form of Approval and Acceptance shall prevail over their respective Chinese texts for the purpose of interpretation.

27 January 2023

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EXPECTED TIMETABLE

The timetable set out below is indicative only and may be subject to changes. Any change to the timetable will be jointly announced by the Joint Offerors and the Company. Unless otherwise expressly stated, all times and dates references contained in this Composite Document refer to Hong Kong times and dates.

Event	Time and Date
Despatch date of this Composite Document and the accompanying Form of Approval and Acceptance and the Partial Offer open for acceptance (<i>Note 1</i>)	Friday, 27 January 2023
First Closing Date (<i>Note 1</i>)	Friday, 24 February 2023
Latest time and date for approval and acceptance of the Partial Offer on the First Closing Date (<i>Notes 1 & 6</i>)	4:00 p.m. on Friday, 24 February 2023
Announcement of the results of the Partial Offer as at the First Closing Date to be posted on the website of the Stock Exchange (<i>Notes 1 & 2</i>)	by 7:00 p.m. on Friday, 24 February 2023
Latest time and date for approval and acceptance of the Partial Offer (assuming that the Partial Offer become or is declared unconditional in all respects on the First Closing Date) (i.e. the Final Closing Date) (<i>Notes 2 & 6</i>)	4:00 p.m. on Friday, 10 March 2023
Announcement of the results of the Partial Offer as at the Final Closing Date to be posted on the website of the Stock Exchange (<i>Note 3</i>)	by 7:00 p.m. on Friday, 10 March 2023
Latest date for despatch of remittances for amounts due in respect of valid acceptances received under the Partial Offer at or before 4:00 p.m. on the Final Closing Date (assuming that the Partial Offer become or is declared unconditional in all respects on the First Closing Date) (<i>Notes 4 & 6</i>)	Tuesday, 21 March 2023
Latest date for despatch of share certificate(s) and/or any transfer receipt(s) and other document(s) of title for Shares tendered but not taken up or share certificate(s) in respect of the balance of such Shares (assuming that the Partial Offer become or is declared unconditional in all respects on the First Closing Date)	Tuesday, 21 March 2023
Latest time and date by which the Partial Offer can become or be declared unconditional as to acceptances (<i>Note 5</i>)	7:00 p.m. on Tuesday, 28 March 2023

EXPECTED TIMETABLE

Event	Time and Date
Latest date for despatch of share certificates for those Offer Shares tendered but not purchased under the Partial Offer if the Partial Offer has not become unconditional (<i>Note 5</i>)	Tuesday, 11 April 2023

Notes:

1. The Partial Offer is made on Friday, 27 January 2023, being the date of posting of this Composite Document, and the date on which the Partial Offer is open for acceptance on and from that date until the close of the Offer Period, i.e. the Closing Date. The Joint Offerors and the Company will issue a joint announcement on the Stock Exchange's website by 7:00 p.m. on the First Closing Date, stating the results of the Partial Offer and whether the Partial Offer has been revised or extended, has expired or has become or is declared unconditional. Where the Partial Offer becomes or is declared unconditional, the Partial Offer will remain open for acceptance for not less than 14 days thereafter in accordance with the Takeovers Code, provided that the Partial Offer must remain open for at least 21 days following the Despatch Date. Accordingly, if the Partial Offer is declared unconditional in all respects on or before Friday, 10 February 2023, then the Final Closing Date would be on (but no earlier or later than) the First Closing Date.
2. Pursuant to Rule 28.4 of the Takeovers Code, if valid acceptances are received for not less than 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. on the First Closing Date, the Joint Offerors must declare the Partial Offer unconditional as to acceptances and provided that approval of the Partial Offer pursuant to Rule 28.5 of the Takeovers Code as more particularly set out in condition (b) in the section headed "2. PRINCIPAL TERMS AND CONDITIONS OF THE PARTIAL OFFER – Conditions to the Partial Offer" in the letter from CLSA Limited in this Composite Document has also been obtained, the Joint Offerors shall comply with Rule 15.3 of the Takeovers Code by extending the Final Closing Date to the 14th day thereafter and the Joint Offerors cannot further extend the Final Closing Date.
3. The announcement will comply with the disclosure requirements under Rule 19.1 and Note 7 to Rule 19 of the Takeovers Code and will include, among other things, the results of the Partial Offer and details of the way in which the pro rata entitlement for each Qualifying Shareholder accepting the Partial Offer was determined.
4. Subject to the Partial Offer becoming unconditional, remittances in respect of the cash consideration payable for the Offer Shares tendered under the Partial Offer will be posted to the Qualifying Shareholders accepting the Partial Offer after deducting the applicable seller's ad valorem stamp duty by ordinary post as soon as possible at the risk of the accepting Qualifying Shareholders, but in any event within seven (7) Business Days following the Final Closing Date.
5. In accordance with the Takeovers Code, except with the consent of the Executive, the Partial Offer may not become or be declared unconditional as to acceptances after 7:00 p.m. on the 60th day after the Despatch Date. Accordingly, unless the Partial Offer has previously become or declared unconditional as to acceptances, the Partial Offer will lapse after 7:00 p.m. on Tuesday, 28 March 2023, unless extended with the consent of the Executive. If the Partial Offer does not become, or is not declared, unconditional within the time permitted by the Takeovers Code, the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) received by the Registrar will be returned to the Qualifying Shareholders who have accepted the Partial Offer by ordinary post at the Qualifying Shareholders' own risk as soon as possible but in any event within ten (10) days after the Partial Offer has lapsed.
6. If there is a tropical cyclone warning signal number 8 or above, or a "black" rainstorm warning in force or "extreme conditions" caused by super typhoon in Hong Kong:

EXPECTED TIMETABLE

- (a) at any local time before 12:00 noon but no longer in force after 12:00 noon on the latest date for acceptance of the Partial Offer and the latest date for despatch of remittances for the amounts due under the Partial Offer in respect of valid acceptances, the latest time for acceptance of the Partial Offer will remain at 4:00 p.m. on the same Business Day and the latest date for the despatch of remittances will remain on the same Business Day; or

- (b) at any local time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the Partial Offer and the latest date for despatch of remittances for the amounts due under the Partial Offer in respect of valid acceptances, the latest time for acceptance of the Partial Offer and the latest date for the despatch of remittances will be rescheduled on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

IMPORTANT NOTICE

NOTICE TO OVERSEAS SHAREHOLDERS

The making of the Partial Offer to the Qualifying Shareholders who are citizens, residents or nationals of jurisdictions outside Hong Kong may be subject to the applicable laws of the relevant jurisdictions in which they are located. Such Qualifying Shareholders should inform themselves about and observe any applicable legal or regulatory requirements in their own jurisdictions. It is the responsibility of any Overseas Shareholder wishing to accept the Partial Offer to satisfy himself/herself/itself (and, where necessary, seek independent legal advice) as to the full observance of the laws and regulations of the relevant jurisdictions in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities and the payment of any transfer or other taxes due from such Overseas Shareholders in such relevant jurisdictions.

Any acceptance by such Overseas Shareholders will be deemed to constitute a representation and warranty from such persons to the Company, the Joint Offerors, and their respective advisers, including the financial adviser, that those local laws and regulatory requirements have been complied with. If you are in doubt as to your position, you should consult your professional advisers. For further details, please refer to the section headed “12. OVERSEAS SHAREHOLDERS” in the letter from CLSA Limited and Appendix I to this Composite Document.

The Joint Offerors, the Company, CITIC Securities (Hong Kong), CLSA Limited, the Registrar, their respective ultimate beneficial owners, directors, officers, agents, advisers and associates and any other person involved in the Partial Offer shall be entitled to be fully indemnified and held harmless by such Overseas Shareholders for any taxes, duties and levy as such person may be required to pay. Please see the section headed “10. TAX IMPLICATIONS” in Appendix I to this Composite Document.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Composite Document contains forward-looking statements, which may be identified by words such as “believe”, “expect”, “anticipate”, “intend”, “plan”, “seek”, “estimate”, “will”, “would” or words of similar meaning, that involve risks and uncertainties, as well as assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. The forward-looking statements included herein are made only as at the Latest Practicable Date. The Joint Offerors, the Company, CLSA Limited, CITIC Securities (Hong Kong) and/or their respective agents assume no obligation to correct or update the forward-looking statements or opinions contained in this Composite Document, except as required pursuant to applicable laws or regulations, including but not limited to the Listing Rules and/or the Takeovers Code.

DEFINITIONS

In this Composite Document, unless the context otherwise requires, the following expressions have the following meanings:

“2nd Supplemental Agreement To The Five Parties’ Agreement”	the supplemental agreement to the Five Parties’ Agreement dated 29 November 2022 entered into by the Five Parties, details of which are set out in the section headed “ <i>THE 2nd SUPPLEMENTAL AGREEMENT TO THE FIVE PARTIES’ AGREEMENT</i> ” in the letter from the Board in this Composite Document
“acting in concert”	has the meaning given to it under the Takeovers Code
“AIC Agreement”	the agreement dated 29 November 2022 entered into amongst the Five BVI Companies, the Five Parties, Widen Success and Mr. Liu Tao, details of which are set out in the section headed “ <i>THE AIC AGREEMENT</i> ” in the letter from the Board in this Composite Document
“associate(s)”	has the meaning given to it under the Takeovers Code
“Award Shares”	Shares awarded under the Share Award Scheme
“Board”	the board of Directors
“Business Day”	a day on which the Stock Exchange is open for the transaction of business (excluding Saturday and Sunday)
“CCASS”	the Central Clearing and Settlement System, a securities settlement system used within Hong Kong Exchanges and Clearing Limited market system
“CITIC Securities (Hong Kong)”	CITIC Securities (Hong Kong) Limited (formerly known as CLSA Capital Markets Limited), a corporation licensed to conduct Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the exclusive financial adviser to the Joint Offerors in respect of the Partial Offer, an indirectly wholly-owned subsidiary of CITIC Securities Company Limited, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 6030)
“Closing Date”	the First Closing Date of the Partial Offer or any subsequent closing date of the Partial Offer as may be extended or revised in accordance with the Takeovers Code

DEFINITIONS

“CLSA Limited”	CLSA Limited, a licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 7 (providing automated trading services) regulated activities under the SFO, an indirectly wholly-owned subsidiary of CITIC Securities Company Limited, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 6030), being the agent making the Partial Offer on behalf of the Joint Offerors
“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)
“Composite Document”	this composite offer and response document in respect of the Partial Offer jointly despatched by the Joint Offerors and the Company to all Shareholders in connection with the Partial Offer in compliance with the Takeovers Code, as may be revised or supplemented as appropriate
“Conditions”	the conditions to which the Partial Offer is subject, as set out in the section headed “2. PRINCIPAL TERMS AND CONDITIONS OF THE PARTIAL OFFER – Conditions to the Partial Offer” in the letter from CLSA Limited in this Composite Document
“Consortium Agreement”	the consortium agreement dated 7 December 2022 entered into by and among the Joint Offerors, details of which are set out in the section headed “4. CONSORTIUM AGREEMENT” in the letter from CLSA Limited in this Composite Document
“Cushman & Wakefield”	Cushman & Wakefield Limited, the independent property valuer to the Company
“Despatch Date”	the date of despatch of this Composite Document to the Shareholders as required by the Takeovers Code
“Director(s)”	director(s) of the Company
“Employee Shareholding Committee”	江蘇興達鋼簾線股份有限公司職工持股會 (Employee Shareholding Committee of Jiangsu Xingda Steel Tyre Cord Co., Ltd.*), the name of an association or organization established on 13 October 1997, not having a separate existence independent of its members under the PRC laws
“ESC Members”	members of the Employee Shareholding Committee from time to time (including the Five Parties as at the Latest Practicable Date)

DEFINITIONS

“Executive”	the Executive Director of the Corporate Finance Division of the SFC and any of the delegates of the Executive Director
“Faith Maple”	Faith Maple International Ltd., a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company as at the Latest Practicable Date
“Faith Maple Acquisition”	acquisition of 58.4% of registered capital in Jiangsu Xingda from Xingda Labour Union, Mr. Liu Xiang, Mr. Tao Jinxiang, Mr. Zhang Yuxiao and Mr. Wu Xinghua, respectively, pursuant to two share acquisition agreements each dated 28 June 2004, completion of which took place on 10 December 2004; details of which are disclosed in the section headed “Corporate Structure and Reorganization” of the Prospectus
“Final Closing Date”	the date which is (i) the 14th day after the date on which the Partial Offer is declared unconditional in all aspects; or (ii) the First Closing Date, whichever is the later, provided that the Partial Offer shall be open for acceptance for at least 21 days following the Despatch Date
“Final Settlement Date”	the date on which all consideration payable by the Joint Offerors under the Partial Offer is paid in full pursuant to the Takeovers Code
“First Closing Date”	the date stated in this Composite Document as the first closing day of the Partial Offer, which shall be at least 21 days following the Despatch Date, or such later date as may be extended by the Joint Offerors in accordance with the Takeovers Code
“Five BVI Companies”	Great Trade, In-Plus, Perfect Sino, Power Aim and Wise Creative
“Five Parties”	Mr. Liu Jinlan, Mr. Liu Xiang, Mr. Tao Jinxiang, Mr. Zhang Yuxiao and Mr. Hang Youming
“Five Parties’ Agreement”	the agreement dated 29 August 2005 (as supplemented on 15 November 2005) entered into amongst the Five Parties, as supplemented by the 2nd Supplemental Agreement To The Five Parties’ Agreement
“Form of Approval and Acceptance”	the form of approval and acceptance in respect of the Partial Offer accompanying this Composite Document

DEFINITIONS

“Great Trade”	Great Trade Limited, a company incorporated in the British Virgin Islands with limited liability and one of the Joint Offerors; Mr. Liu Jinlan was its sole registered shareholder as at the Latest Practicable Date
“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
“Independent Board Committee”	the independent board committee of the Company, comprising all INEDs, established for the purpose of making a recommendation to the Qualifying Shareholders in respect of the terms of the Partial Offer, and as to approval and acceptance of the Partial Offer
“Independent Financial Adviser” or “Optima Capital”	Optima Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee in relation to the Partial Offer
“INEDs”	Mr. Koo Fook Sun, Louis, Mr. William John Sharp and Ms. Xu Chunhua, each being an independent non-executive Director and a member of the Independent Board Committee as at the Latest Practicable Date and “INED” shall mean any one of them
“In-Plus”	In-Plus Limited, a company incorporated in the British Virgin Islands with limited liability and one of the Joint Offerors; Mr. Liu Xiang was its sole registered shareholder as at the Latest Practicable Date
“Jiangsu Xingda”	江蘇興達鋼簾線股份有限公司 (Jiangsu Xingda Steel Tyre Cord Co., Ltd.)*, established as a joint stock limited company in the PRC on 27 March 1998 and converted into a sino-foreign joint stock limited company on 10 December 2004, an indirect non-wholly owned subsidiary of the Company as at the Latest Practicable Date
“Joint Announcement”	the joint announcement dated 7 December 2022 jointly issued by the Joint Offerors and the Company in relation to the Partial Offer
“Joint Offerors”	Great Trade, In-Plus, Power Aim, Wise Creative and Widen Success

DEFINITIONS

“Joint Offerors’ Shareholders”	Mr. Liu Jinlan, Mr. Liu Xiang, Mr. Zhang Yuxiao, Mr. Hang Youming and Mr. Liu Tao
“Last Trading Day”	6 December 2022, being the last trading day prior to the publication of the Joint Announcement
“Latest Practicable Date”	20 January 2023, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information contained herein
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maximum Number of Offer Shares”	the maximum number of Offer Shares to be purchased by the Joint Offerors from the Qualifying Shareholders, being 80,000,000 Offer Shares
“Minimum Number of Offer Shares”	the minimum number of Offer Shares required to be tendered for acceptance by Qualifying Shareholders, being 73,313,834 Offer Shares
“Mr. Wu”	Mr. Wu Xinghua, a former Director retired on 20 May 2010
“Offer Period”	has the meaning ascribed to it under the Takeovers Code
“Offer Price”	HK\$1.88 for each Offer Share payable by the Joint Offerors to the Qualifying Shareholders accepting the Partial Offer
“Offer Share(s)”	the Shares held by the Qualifying Shareholders which are subject to the Partial Offer
“Overseas Shareholder(s)”	Qualifying Shareholder(s) whose address(es), as shown on the register of members of the Company, is/are outside Hong Kong
“Partial Offer”	the conditional voluntary cash partial offer made by CLSA Limited on behalf of the Joint Offerors to the Qualifying Shareholders to acquire a maximum of 80,000,000 Offer Shares on the terms and conditions set out in this Composite Document and in compliance with the Takeovers Code
“Perfect Sino”	Perfect Sino Limited, a company incorporated in the British Virgin Islands with limited liability; Mr. Tao Jinxiang was its sole registered shareholder as at the Latest Practicable Date

DEFINITIONS

“Power Aim”	Power Aim Limited, a company incorporated in the British Virgin Islands with limited liability and one of the Joint Offerors; Mr. Zhang Yuxiao was its sole registered shareholder as at the Latest Practicable Date
“PRC”	the People’s Republic of China which, for the purpose of this Composite Document, shall exclude Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Pre-Condition”	the pre-condition as set out under the paragraph headed “2. PRINCIPAL TERMS AND CONDITIONS OF THE PARTIAL OFFER – Pre-Condition to the Partial Offer” in the letter from CLSA Limited in this Composite Document for the making of the Partial Offer, which was fulfilled on 12 December 2022
“Prospectus”	the prospectus of the Company dated 8 December 2006
“Qualifying Shareholder”	Shareholder other than the Joint Offerors and the Joint Offerors’ Shareholders, and “Qualifying Shareholders” shall be construed accordingly
“Registrar”	Boardroom Share Registrars (HK) Ltd., the branch share registrar and transfer office of the Company in Hong Kong, at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong
“Relevant Period”	the period from 7 June 2022, being the date falling six months prior to 7 December 2022 (the date of commencement of the Offer Period) and ending on and including the Latest Practicable Date
“relevant securities”	has the meaning ascribed to it under Note 4 to Rule 22 of the Takeovers Code
“right over shares”	has the meaning ascribed to it under the Takeovers Code
“RMB”	Renminbi, the lawful currency of the PRC
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share”	an ordinary share with a nominal value of HK\$0.1 each in the share capital of the Company, and “Shares” shall be construed accordingly

DEFINITIONS

“Shareholder”	a holder of any Share(s), and “Shareholders” shall be construed accordingly
“Share Award Scheme”	the share award scheme of the Company adopted on 4 September 2009, the principal terms of which are set out in the announcement of the Company dated 18 September 2009
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning given to it under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers published by the SFC, as amended, supplemented or otherwise modified from time to time
“Tao Shares”	Shares held by Mr. Tao Jinxiang and Perfect Sino, each a party acting in concert with the Joint Offerors, details of which are disclosed under 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
“Trustee”	BOCI-Prudential Trustee Limited, trustee appointed under the Share Award Scheme
“Widen Success”	Widen Success Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and one of the Joint Offerors; Mr. Liu Tao owned its entire issued share capital as at the Latest Practicable Date
“Wise Creative”	Wise Creative Limited, a company incorporated in the British Virgin Islands with limited liability and one of the Joint Offerors; Mr. Hang Youming was its sole registered shareholder as at the Latest Practicable Date
“Xingda Labour Union”	江蘇興達鋼簾線股份有限公司工會 (Labour Union of Jiangsu Xingda Steel Tyre Cord Co., Ltd.*), a legal person entity established in the PRC on 8 October 1997 and a promoter of Jiangsu Xingda
“%”	per cent

LETTER FROM CLSA LIMITED



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.

This letter forms part of this Composite Document and sets out, amongst other things, the principal terms and conditions of the Partial Offer. Further details of the terms and conditions of the Partial Offer are set out in Appendix I to this Composite Document and the accompanying Form of Approval and Acceptance.

Qualifying Shareholders are strongly advised to consider carefully the information contained in the letter from the Board, the letter from the Independent Board Committee and the letter from the Independent Financial Adviser in this Composite Document and to consult their professional advisers before reaching a decision as to whether or not to accept the Partial Offer.

2. PRINCIPAL TERMS AND CONDITIONS OF THE PARTIAL OFFER

CLSA Limited, on behalf of the Joint Offerors, hereby makes the Partial Offer to the Qualifying Shareholders to acquire a maximum of 80,000,000 Offer Shares at the Offer Price of HK\$1.88 per Offer Share.

As at the Latest Practicable Date, based on the total number of 1,662,445,199 Shares in issue (assuming there are no changes to the issued share capital of the Company after the Latest Practicable Date), and 758,132,457 Shares (representing approximately 45.60% of the total issued share capital of the Company) held by the Joint Offerors and parties acting in concert with them, the Partial Offer will be subject to valid acceptances being received (and not, where permitted, withdrawn) in respect

LETTER FROM CLSA LIMITED

of the Minimum Number of Offer Shares (i.e. 73,313,834 Offer Shares, representing approximately 4.41% of the total issued share capital of the Company) 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; and the maximum number of Offer Shares to be purchased by the Joint Offerors from the Qualifying Shareholders is 80,000,000 Offer Shares, representing approximately 4.81% of the total issued share capital of the Company. Please refer to the sub-section headed “Conditions to the Partial Offer” below.

The Partial Offer is made on the following basis:

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 to 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 to 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

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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 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.

Under Rule 28.5 of the Takeovers Code, a partial offer which could result in the offeror holding 30% or more of the voting rights in a company must normally be conditional on the approval by shareholders holding over 50% of the voting rights not held by the offeror and parties acting in concert with it by means of signifying their approval on a separate box on the form of approval and acceptance.

Mr. Liu Jinlan, Mr. Liu Xiang, Mr. Zhang Yuxiao and Mr. Hang Youming are the sole registered shareholder of Great Trade, In-Plus, Power Aim and Wise Creative respectively; hence, each of them is a party acting in concert with the Joint Offerors. Accordingly, none of Mr. Liu Jinlan, Mr. Liu Xiang, Mr. Zhang Yuxiao and Mr. Hang Youming are Qualifying Shareholders nor are they entitled to signify their approval of the Partial Offer under Rule 28.5 of the Takeovers Code.

Mr. Tao Jinxiang is a party to the Five Parties' Agreement; therefore, Mr. Tao Jinxiang and Perfect Sino, a company wholly-owned by Mr. Tao Jinxiang, are parties acting in concert with the Joint Offerors. The Tao Shares will be subject to the Partial Offer but Mr. Tao Jinxiang and Perfect Sino are not entitled to signify their approval of the Partial Offer under Rule 28.5 of the Takeovers Code.

As at the Latest Practicable Date, the Trustee held 2,139,665 Shares for satisfying the unvested share awards granted to the grantees under the Share Award Scheme. Pursuant to the Share Award Scheme, the Trustee shall not exercise the voting rights in respect of any Shares held under the trust constituted for the Share Award Scheme, therefore it is not entitled to signify its approval of the Partial Offer for the purposes of Rule 28.5 of the Takeovers Code. The Shares held by the Trustee will be subject to the Partial Offer but given the Trustee holds Shares for the purposes of the Share Award Scheme, the Company does not intend to give any instruction to the Trustee to accept the Partial Offer.

Whether or not the Qualifying Shareholders accept the Partial Offer, they (other than parties acting in concert with the Joint Offerors and the Trustee) may approve the Partial Offer AND specify the number of Offer Shares in respect of which they signify their approval of the Partial Offer in the Form of Approval and Acceptance. Each Offer Share shall be entitled to ONE vote only. Multiple votes in respect of the same Offer Share will not be taken into account when counting the approval of the Partial Offer. Qualifying Shareholders may specify the number of Offer Shares in respect of which they tender for acceptance of the Partial Offer.

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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.

Pursuant to Rule 15.1 of the Takeovers Code, the Partial Offer must initially be open for acceptance for at least 21 days following the Despatch Date.

Pursuant to Rule 15.3 of the Takeovers Code, where a conditional offer becomes or is declared unconditional (whether as to acceptances or in all respects), it should remain open for acceptance for not less than 14 days thereafter. Pursuant to Rule 28.4 of the Takeovers Code, if the Partial Offer has been declared unconditional as to acceptances on the First Closing Date, the Joint Offerors cannot extend the Final Closing Date to a day beyond the 14th day after the First Closing Date.

Accordingly, if the Partial Offer is declared unconditional in all respects on or before Friday, 10 February 2023, then the Final Closing Date would be on (but no earlier or later than) the First Closing Date. If the Partial Offer is declared unconditional in all respects later than Friday, 10 February 2023, then the Final Closing Date would be 14 days after the date of such declaration.

Pursuant to Rule 28.4 of the Takeovers Code, if the Partial Offer has been approved for the purposes of Rule 28.5 of the Takeovers Code by Qualifying Shareholders who are registered as Shareholders 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, and has been declared unconditional as to acceptances on the First Closing Date, the Joint Offerors cannot extend the Final Closing Date to a day beyond the 14th day after the First Closing Date.

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).

WARNING: Shareholders and potential investors of the Company should note that the Partial Offer will be subject to the satisfaction of the Conditions. Accordingly, the Partial Offer may or may not become unconditional and will lapse if it does not become unconditional. Shareholders

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and potential investors of the Company are advised to exercise caution when dealing in the Shares. Persons who are in doubt about their positions, they should consult their professional advisers.

3. VALUE OF THE PARTIAL OFFER

Comparison of value

The Offer Price of HK\$1.88 per Offer Share represents:

- (i) a premium of approximately 18.24% over the closing price of HK\$1.59 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a premium of approximately 24.50% over the closing price of HK\$1.51 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a premium of approximately 25.33% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 5 consecutive trading days up to and including the Last Trading Day;
- (iv) a premium of approximately 26.09% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day;
- (v) a premium of approximately 24.50% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Day;
- (vi) a discount of approximately 55.17% to the audited consolidated net asset value attributable to the Shareholders of approximately HK\$4.19 per Share as at 31 December 2021, calculated based on the audited consolidated net asset value attributable to the Shareholders of RMB5,699.85 million (based on the exchange rate of HK\$1: RMB0.81760, the central parity rate published by the People's Bank of China on its website as at 31 December 2021 for illustrative purposes) as at 31 December 2021 and 1,662,445,199 Shares in issue as at the Latest Practicable Date;
- (vii) a discount of approximately 52.80% to the unaudited consolidated net asset value attributable to the Shareholders of approximately HK\$3.98 per Share as at 30 June 2022, calculated based on the unaudited consolidated net asset value attributable to the Shareholders of RMB5,662.65 million (based on the exchange rate of HK\$1: RMB0.85519, the central parity rate published by the People's Bank of China on its website as at 30 June 2022 for illustrative purposes) as at 30 June 2022 and 1,662,445,199 Shares in issue as at the Latest Practicable Date; and
- (viii) a discount of approximately 54.03% to the unaudited consolidated net asset value attributable to the Shareholders as at 30 June 2022 as adjusted based on the property valuation report of the Group prepared by Cushman & Wakefield as set out in Appendix IV of HK\$4.09 per Share

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(the “**Adjusted Net Asset Value**”), calculated based on the Adjusted Net Asset Value of RMB5,825.24 million (based on the exchange rate of HK\$1: RMB0.85519, the central parity rate published by the People’s Bank of China on its website as at 30 June 2022 for illustrative purposes) as at 30 June 2022, and 1,662,445,199 Shares in issue as at the Latest Practicable Date.

Highest and lowest Share prices

During the Relevant Period, the highest and lowest closing prices of the Shares as quoted on the Stock Exchange were HK\$1.65 on 13 December 2022 and HK\$1.34 on 20 June 2022 and 21 June 2022, respectively.

Total consideration of the Partial Offer

Assuming valid acceptance of the Partial Offer for the relevant number of Offer Shares has been tendered by the Qualifying Shareholders and based on the Offer Price of HK\$1.88 per Offer Share, the total cash consideration payable by the Joint Offerors to purchase (a) the Maximum Number of Offer Shares from the Qualifying Shareholders under the Partial Offer will be approximately HK\$150,400,000 and (b) the Minimum Number of Offer Shares from the Qualifying Shareholders under the Partial Offer will be approximately HK\$137,830,008.

Confirmation of financial resources

The Joint Offerors will finance each of their proportions of consideration payable under the Partial Offer by the internal resources provided by the Joint Offerors’ Shareholders respectively.

CITIC Securities (Hong Kong), as the financial adviser to the Joint Offerors, is satisfied that sufficient financial resources are available to the Joint Offerors to satisfy the maximum consideration payable under the Partial Offer.

4. CONSORTIUM AGREEMENT

On 7 December 2022, the Joint Offerors entered into the Consortium Agreement to form a consortium for the purpose of the Partial Offer. The Consortium Agreement governs (i) the Joint Offerors’ relationship in respect of the Partial Offer; (ii) the conduct and implementation of the Partial Offer; and (iii) the allocation of the Offer Shares among the Joint Offerors upon completion of the Partial Offer.

Set out below are the key terms of the Consortium Agreement:

- (i) the Joint Offerors agree that all decisions relating to the Partial Offer will be made jointly by the Joint Offerors;
- (ii) each Joint Offeror shall use its reasonable efforts to do (or procure to be done), and to assist and cooperate with other Joint Offerors in doing, all things reasonably necessary, proper or advisable to consummate and make effective, as promptly as practicable, the Partial Offer;

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- (iii) each Joint Offeror shall cooperate with other Joint Offerors and their professional advisers and proceed in good faith to consummate the Partial Offer (including without limitation, preparing the transaction documents and responding to any enquiries that the Executive and the Stock Exchange may have). Each Joint Offeror agrees to consult with other Joint Offerors and to keep other Joint Offerors fully informed of any relevant material developments and the status of implementation in respect of the Partial Offer;
- (iv) each Joint Offeror acknowledges and agrees that it shall be fully responsible for ensuring the accuracy of all statements of fact furnished or confirmed by it in each of the transaction documents relating to it and its associates;
- (v) in the event that the Partial Offer becomes unconditional, In-Plus, Power Aim, Wise Creative and Widen Success shall acquire 4,000,000, 10,000,000, 5,500,000 and 5,500,000 Offer Shares, respectively, and all the remaining Offer Shares which are validly tendered for acceptance by the Qualifying Shareholders under the Partial Offer shall be acquired by Great Trade; accordingly, the maximum number of Offer Shares to be acquired by Great Trade is 55,000,000 Offer Shares and the minimum number of Offer Shares to be acquired by Great Trade is 48,313,834 Offer Shares;
- (vi) each Joint Offeror agrees to advance sufficient cash in immediately available funds in HK\$ in time to fulfil its obligation to pay the Offer Price with reference to the maximum number of Offer Shares to be acquired by such Joint Offeror as set out in paragraph (v) above, together with any stamp duty that may be incurred in connection with the Partial Offer prior to the date of the Joint Announcement. Each Joint Offeror further agrees and undertakes to advance sufficient cash in immediately available funds in HK\$ in time to fulfil its obligation to pay any fees, expenses and costs that may be incurred in connection with the Partial Offer from time to time;
- (vii) each Joint Offeror undertakes to arrange sufficient financial resources required by the Executive to implement the Partial Offer and to fulfil its payment obligations thereunder;
- (viii) each Joint Offeror shall discharge its obligation of contribution set out in paragraph (vi) above on a several but not joint basis and shall be solely responsible for all obligations and liabilities in relation to the arrangement in connection with its financial resources;
- (ix) each Joint Offeror agrees and undertakes to other Joint Offerors that, during the Offer Period and until six months after the close of the Partial Offer, it shall not, and shall use its reasonable efforts to procure parties acting in concert with it (including any other person who is subsequently acting in concert with it) not to, enter into, solicit, facilitate or encourage any arrangement, agreement or understanding, whether or not legally binding or subject to any condition, which may constitute a “special deal” (as defined under Rule 25 of the Takeovers Code);
- (x) before the Partial Offer becomes or is declared unconditional (whether as to acceptance or in all respects), lapses or is withdrawn (whichever is the later), each Joint Offeror shall not, and shall use its reasonable efforts to procure parties acting in concert with it (including any other

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person who is subsequently acting in concert with it) and its associates not to, sell, transfer, charge, encumber, grant any option over or otherwise dispose of any interest in any of the Shares held by it directly or indirectly;

- (xi) each Joint Offeror shall not, and shall use its reasonable efforts to procure parties acting in concert with it (including any other person who is subsequently acting in concert with it) and its associates not to, acquire any voting rights in the Company or otherwise deal in the Shares or other securities of the Company (i) during the Offer Period; and (ii) during the 12-month period immediately following the end of the Offer Period, except with the consent of the Executive; and
- (xii) each Joint Offeror represents and warrants to the other Joint Offerors that as at the date of the Consortium Agreement, the date of publication of (amongst others) each announcement and circular relating to the Partial Offer, and the Final Settlement Date:
 - (a) (1) the making of the Partial Offer, (2) the advancement of cash to the relevant bank account to fulfil its payment obligation in accordance with the terms of the Consortium Agreement, and (3) the settlement of the consideration payable by it to the accepting Qualifying Shareholders under the Partial Offer in accordance with the terms of the Consortium Agreement are not subject to any approval, consent or authorization under the Five Parties' Agreement; and
 - (b) (for Great Trade, In-Plus, Power Aim and Wise Creative only) the Offer Shares to be acquired by such Joint Offeror under the Partial Offer are for the benefit of Mr. Liu Jinlan, Mr. Liu Xiang, Mr. Zhang Yuxiao and Mr. Hang Youming, respectively, as the case may be (and not for the benefit of the other ESC Members) and such Offer Shares do not constitute assets of, or are not held on trust for and on behalf of, the other ESC Members.

In the event that the Partial Offer does not become or is not declared unconditional, the Consortium Agreement shall terminate with immediate effect upon the end of the Offer Period.

5. THE 2nd SUPPLEMENTAL AGREEMENT TO THE FIVE PARTIES AGREEMENT

The Shares were listed on the Main Board of the Stock Exchange on 21 December 2006. Prior to the Listing, the Five Parties entered into the Five Parties' Agreement dated 29 August 2005 (as supplemented on 15 November 2005), pursuant to which the Five Parties agreed (a) to hold, manage and dispose of their respective direct and indirect interests in the Five BVI Companies, Faith Maple and the Company on behalf of the then 98 ESC Members (including themselves) (in accordance with their proportional interests in Jiangsu Xingda immediately prior to the Faith Maple Acquisition) and Mr. Wu (who joined the Group as an employee of Jiangsu Xingda on 1 July 2005); and (b) to procure the Five BVI Companies to vote unanimously at the general meetings of the Company and Faith Maple.

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In contemplation of the Partial Offer, on 29 November 2022, the Five Parties entered into the 2nd Supplemental Agreement To The Five Parties' Agreement to confirm and acknowledge that (i) the interests and rights of the Five BVI Companies and the interests and rights in the Shares held by the Five Parties through the Five BVI Companies are held by the Five Parties for their own benefit and for the benefit of the other ESC Members with reference to the proportion set out in the Five Parties' Agreement and as amended from time to time; and (ii) to the extent any Shares were acquired by any of the Five Parties and/or the Five BVI Companies using the funds provided by such member of the Five Parties on or after 30 August 2005, such acquired Shares (together with all rights and benefits accruing and attaching thereto) shall be for the benefit of such member of the Five Parties only. Accordingly, given each of Great Trade, In-Plus, Power Aim and Wise Creative will finance each of their proportions of consideration payable under the Partial Offer by the internal cash resources provided by Mr. Liu Jinlan, Mr. Liu Xiang, Mr. Zhang Yuxiao and Mr. Hang Youming, respectively, the Offer Shares to be acquired by Great Trade, In-Plus, Power Aim and Wise Creative under the Partial Offer shall be for the respective benefit of Mr. Liu Jinlan, Mr. Liu Xiang, Mr. Zhang Yuxiao and Mr. Hang Youming.

Each of the ESC Members (other than Mr. Liu Jinlan, Mr. Liu Xiang, Mr. Tao Jinxiang, Mr. Zhang Yuxiao and Mr. Hang Youming) has signed a written confirmation acknowledging the arrangements contemplated under the 2nd Supplemental Agreement To The Five Parties' Agreement and in particular, confirming that save for the Five Parties, other ESC Members shall have no interests and rights in the Shares acquired by any of the Five Parties and/or the Five BVI Companies using the funds provided by such member of the Five Parties on or after 30 August 2005.

6. THE AIC AGREEMENT

On 29 November 2022, the Five BVI Companies, the Five Parties, Widen Success and Mr. Liu Tao entered into the AIC Agreement, pursuant to which the parties agreed, confirmed and acknowledged that in respect of all the Shares held by the Five BVI Companies, the Five Parties, Widen Success and Mr. Liu Tao from time to time, whether for their own benefit or for the benefit of the other ESC Members, they shall reach a consensus before voting on any of the matters to be resolved at the general meetings of the Company and shall vote unanimously on the resolutions proposed at the general meetings of the Company. Mr. Liu Tao further agreed and confirmed that he shall agree with Mr. Liu Jinlan when reaching a consensus among the Five Parties and himself.

The AIC Agreement shall take effect on the Final Settlement Date, accordingly, if the Partial Offer does not become unconditional, lapses, does not proceed or is withdrawn due to any reason in accordance with the Takeovers Code, the AIC Agreement shall not take effect and will be terminated automatically.

7. OTHER TERMS OF THE PARTIAL OFFER

Acceptance of the Partial Offer

The Qualifying Shareholders may accept the Partial Offer in respect of some or all of the Offer Shares held by them.

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Subject to the Partial Offer becoming unconditional in all respects: (i) if valid acceptances are received for not less than the Minimum Number of Offer Shares, but not more than the Maximum Number of Offer Shares as at the Final Closing Date, all Offer Shares validly accepted will be taken up; and (ii) if valid acceptances are received for more than the Maximum Number of Offer Shares as at the Final Closing Date, the total number of Offer Shares to be taken up by the Joint Offerors from each accepting Qualifying Shareholder will be determined by the total number of Offer Shares tendered for acceptance in accordance with the following formula:

$$\frac{A}{B} \times C$$

A = the Maximum Number of Offer Shares as at the Final Closing Date, being the maximum number of Offer Shares for which the Partial Offer is made

B = the total number of Offer Shares validly tendered by all Qualifying Shareholders under the Partial Offer

C = the number of Offer Shares tendered by the relevant individual Qualifying Shareholder under the Partial Offer

Partial nature of the Partial Offer and effect of fractions

It is possible that, if a Qualifying Shareholder tenders all his/her Shares for acceptance under the Partial Offer, not all of such Shares will be taken up.

Fractions of Offer Shares will not be taken up under the Partial Offer and, accordingly, the number of Offer Shares that the Joint Offerors will take up from each Qualifying Shareholder in accordance with the above formula will be rounded up or down to the nearest whole number at the discretion of the Joint Offerors, and in any event, the total number of Offer Shares to be taken up by the Joint Offerors will not exceed the Maximum Number of Offer Shares.

Odd lots

The Shares are currently traded in board lots of 1,000 Shares each. Such board lot size will not be changed as a result of the implementation of the Partial Offer. Qualifying Shareholders should note that acceptance of the Partial Offer may result in their holding odd lots of Shares. Accordingly, First Shanghai Securities Limited (the “**Odd Lot Traders**”), whose address is at Rooms 2505-2510, Wing On House, 71 Des Voeux Road Central, Hong Kong (telephone number: (852) 2532 1911, office hours: 9:00 a.m. to 4:00 p.m.) has been appointed as the designated agent to match sales and purchases of odd lot holdings of Shares in the market for a period of six (6) weeks following the close of the Partial Offer to enable such Qualifying Shareholders to dispose of their odd lots or to top up their odd lots to whole board lots of 1,000 Shares each. Qualifying Shareholders should note that the matching of odd lots is not guaranteed. Qualifying Shareholders who would like to match odd lots are recommended to make an appointment in advance by dialling the telephone number of (852) 2532 1911 set out above. Qualifying Shareholders who are in any doubt about the matching arrangements described above are recommended to consult their own professional advisers.

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Effect of accepting the Partial Offer

Acceptance of the Partial Offer by any Qualifying Shareholder will constitute a warranty by such Qualifying Shareholder to the Joint Offerors that the Shares sold by it to the Joint Offerors under the Partial Offer are 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 declared, made or paid on or after the Final Closing Date. The Company confirms that as at the Latest Practicable Date, it did not have any intention to make, declare or pay any further dividend or make other distributions until after the Final Closing Date.

By validly accepting the Partial Offer, the Qualifying Shareholders will sell to the Joint Offerors their tendered Offer Shares which are finally taken up by the Joint Offerors in accordance with the formula set out in the section headed "Acceptance of the Partial Offer" above in this letter.

Acceptance of the Partial Offer shall be irrevocable and shall not be capable of being withdrawn, except as permitted under the Takeovers Code.

Hong Kong Stamp Duty

In Hong Kong, the seller's ad valorem stamp duty arising in connection with acceptance of the Partial Offer will be payable by the relevant Qualifying Shareholders at a rate of 0.13% of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Joint Offerors in respect of the relevant acceptance of the Partial Offer, whichever is higher, which will be deducted from the cash amount payable by the Joint Offerors to such Qualifying Shareholder on acceptance of the Partial Offer (where the stamp duty calculated includes a fraction of HK\$1, the stamp duty will be rounded-up to the nearest HK\$1). The Joint Offerors will arrange for payment of the seller's ad valorem stamp duty on behalf of the relevant Qualifying Shareholders accepting the Partial Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptance of the Partial Offer and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

Qualifying Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Partial Offer. None of the Joint Offerors, parties acting in concert with the Joint Offerors, the Company, CITIC Securities (Hong Kong), CLSA Limited and their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Partial Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Partial Offer.

Settlement of consideration

Settlement of the consideration payable by the Joint Offerors in respect of acceptance of the Partial Offer will be made as soon as possible but in any event within seven (7) Business Days of the Final Closing Date.

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8. SHAREHOLDING STRUCTURE OF THE COMPANY AND EFFECT OF THE PARTIAL OFFER

Assuming that there will be no change to the issued share capital of the Company and no other change to the shareholding between the Latest Practicable Date and up to the Closing Date, the shareholding structure of the Company, as at the Latest Practicable Date and immediately upon completion of the Partial Offer, is set out below:

	As at the Latest Practicable Date		Immediately upon completion of the Partial Offer			
			Assuming the Minimum Number of Offer Shares is tendered for acceptance by the Qualifying Shareholders under the Partial Offer ⁽¹²⁾		Assuming the Maximum Number of Offer Shares is tendered for acceptance by the Qualifying Shareholders under the Partial Offer ⁽¹²⁾	
	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %
Joint Offerors						
Great Trade	274,104,883	16.49%	322,418,717	19.39%	329,104,883	19.80%
In-Plus	151,114,000	9.09%	155,114,000	9.33%	155,114,000	9.33%
Power Aim	42,725,000	2.57%	52,725,000	3.17%	52,725,000	3.17%
Wise Creative	48,565,000	2.92%	54,065,000	3.25%	54,065,000	3.25%
Widen Success	—	—	5,500,000	0.33%	5,500,000	0.33%
<i>Sub-total of Joint Offerors</i>	516,508,883	31.07%	589,822,717	35.48%	596,508,883	35.88%
Parties acting in concert with the Joint Offerors						
Mr. Liu Jinlan ⁽¹⁾	49,039,275	2.95%	49,039,275	2.95%	49,039,275	2.95%
Mr. Liu Xiang ⁽²⁾	18,932,299	1.14%	18,932,299	1.14%	18,932,299	1.14%
Mr. Zhang Yuxiao ⁽³⁾	3,458,000	0.21%	3,458,000	0.21%	3,458,000	0.21%
Mr. Hang Youming ⁽⁴⁾	43,671,000	2.62%	43,671,000	2.62%	43,671,000	2.62%
Mr. Tao Jinxiang ⁽⁵⁾	10,264,000	0.62%	10,264,000	0.62%	10,264,000	0.62%
Perfect Sino ⁽⁵⁾	116,259,000	6.99%	116,259,000	6.99%	116,259,000	6.99%
<i>Sub-total of Joint Offerors and parties acting in concert with them</i>	758,132,457	45.60%	831,446,291	50.01%	838,132,457	50.42%
The INEDs						
Mr. Koo Fook Sun, Louis ⁽⁶⁾	510,824	0.031%	510,824	0.031%	510,824	0.031%
Mr. William John Sharp ⁽⁷⁾	384,000	0.023%	384,000	0.023%	384,000	0.023%
Ms. Xu Chunhua ⁽⁸⁾	50,000	0.003%	50,000	0.003%	50,000	0.003%
<i>Sub-total of the INEDs</i>	944,824	0.057%	944,824	0.057%	944,824	0.057%
The Trustee ⁽⁹⁾	2,139,665	0.13%	2,139,665	0.13%	2,139,665	0.13%
Public Shareholders						
FIL Limited ⁽¹⁰⁾	166,244,328	9.99%	166,244,328	9.99%	166,244,328	9.99%
Other Shareholders	734,983,925	44.21%	661,670,091	39.80%	654,983,925	39.40%
Total	1,662,445,199	100.00%	1,662,445,199	100.00%	1,662,445,199	100.00%

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Notes:

1. Mr. Liu Jinlan is a grantee under the Share Award Scheme. Upon fulfilment of the relevant vesting conditions and assuming all Award Shares granted to him are vested in full, Mr. Liu Jinlan will become interested in a further 5,425,000 Shares.
2. Mr. Liu Xiang is a grantee under the Share Award Scheme. Upon fulfilment of the relevant vesting conditions and assuming all Award Shares granted to him are vested in full, Mr. Liu Xiang will become interested in a further 2,675,000 Shares.
3. Mr. Zhang Yuxiao is a grantee under the Share Award Scheme. Upon fulfilment of the relevant vesting conditions and assuming all Award Shares granted to him are vested in full, Mr. Zhang Yuxiao will become interested in a further 2,675,000 Shares.
4. Mr. Hang Youming is a grantee under the Share Award Scheme. Upon fulfilment of the relevant vesting conditions and assuming all Award Shares granted to him are vested in full, Mr. Hang Youming will become interested in a further 2,675,000 Shares.
5. Mr. Tao Jinxiang is a party to the Five Parties' Agreement; therefore, Mr. Tao Jinxiang and Perfect Sino, a company wholly-owned by Mr. Tao Jinxiang, are parties acting in concert with the Joint Offerors. Mr. Tao Jinxiang and Perfect Sino are Qualifying Shareholders and the Tao Shares will be subject to the Partial Offer, but Mr. Tao Jinxiang and Perfect Sino are not entitled to signify their approval of the Partial Offer under Rule 28.5 of the Takeovers Code. Mr. Tao Jinxiang is a grantee under the Share Award Scheme. Upon fulfilment of the relevant vesting conditions and assuming all Award Shares granted to him are vested in full, Mr. Tao Jinxiang will become interested in a further 2,675,000 Shares.
6. Mr. Koo Fook Sun, Louis was an INED as at the Latest Practicable Date. He is a Qualifying Shareholder and the Shares held by him will be subject to the Partial Offer. Mr. Koo Fook Sun, Louis is a grantee under the Share Award Scheme. Upon fulfilment of the relevant vesting conditions and assuming all Award Shares granted to him are vested in full, Mr. Koo Fook Sun, Louis will become interested in a further 217,000 Shares.
7. Mr. William John Sharp was an INED as at the Latest Practicable Date. He is a Qualifying Shareholder and the Shares held by him will be subject to the Partial Offer. Mr. William John Sharp is a grantee under the Share Award Scheme. Upon fulfilment of the relevant vesting conditions and assuming all Award Shares granted to him are vested in full, Mr. William John Sharp will become interested in a further 217,000 Shares.
8. Ms. Xu Chunhua was an INED as at the Latest Practicable Date. She is a Qualifying Shareholder and the Shares held by her will be subject to the Partial Offer.
9. As at the Latest Practicable Date, the Trustee held 2,139,665 Shares for the Share Award Scheme. Pursuant to the Share Award Scheme, the Trustee shall not exercise the voting rights in respect of any Shares held under the trust constituted for the Share Award Scheme, therefore it is not entitled to signify its approval of the Partial Offer for the purposes of Rule 28.5 of the Takeovers Code. The Shares held by the Trustee will be subject to the Partial Offer but given the Trustee holds Shares for the purposes of the Share Award Scheme, the Company does not intend to give any instruction to the Trustee to accept the Partial Offer.
10. Based on the disclosure of interest filings dated 1 September 2021 made by Pandanus Associates Inc., Pandanus Associates Inc. held 100.00% of Pandanus Partners L.P., which in turn held 37.01% of the issued share capital of FIL Limited. For the purpose of Part XV of the SFO, Pandanus Associates Inc. and Pandanus Partners L.P. are deemed to be interested in the Shares held by FIL Limited.

LETTER FROM CLSA LIMITED

11. CITIC Securities (Hong Kong) is the financial adviser to the Joint Offerors in respect of the Partial Offer. Accordingly, CITIC Securities (Hong Kong) and persons controlling, controlled by or under the same control as CITIC Securities (Hong Kong) (except exempt principal traders and exempt fund managers, in each case recognised by the Executive as such for the purpose of the Takeovers Code) are presumed to be acting in concert with the Joint Offerors in relation to the Company in accordance with Class (5) of the definition of “acting in concert” under the Takeovers Code. As at the Latest Practicable Date, members of the CITIC Securities (Hong Kong) group do not legally or beneficially own, control or have direction over any Shares (except in respect of Shares held by exempt principal traders or exempt fund managers, in each case recognised by the Executive as such for the purposes of the Takeovers Code and also excluding Shares held on behalf of non-discretionary investment clients of the CITIC Securities (Hong Kong) group). Nor were there any borrowing or lending of, or dealing in, Shares (or options, rights over Shares, warrants or derivatives in respect of them) by any members of the CITIC Securities (Hong Kong) group during the Relevant Period (except in respect of Shares held by exempt principal traders or exempt fund managers, in each case recognised by the Executive for such purposes of the Takeovers Code and also excluding the Shares held on behalf of non-discretionary investment clients of the CITIC Securities (Hong Kong) group). Notwithstanding that connected exempt principal traders within the CITIC Securities (Hong Kong) group are not acting in concert with the Joint Offerors, Shares held by any such connected exempt principal traders must not be assented to the Partial Offer until the Partial Offer becomes or is declared unconditional as to acceptances in accordance with the requirements of Rule 35.3 of the Takeovers Code, and must not approve the Partial Offer in accordance with the requirements of Rule 35.4 of the Takeovers Code, unless (i) the relevant connected exempt principal trader holds the Shares as a simple custodian for and on behalf of non-discretionary clients, and (ii) there are contractual arrangements in place between the relevant connected exempt principal trader and its clients that strictly prohibit the relevant connected exempt principal trader from exercising any voting discretion over the relevant Shares, and all voting instructions shall originate from the client only, and if no instructions are given, then no approval of the Partial Offer shall be signified for the relevant Shares held by the relevant connected exempt principal trader. For this purpose, a written confirmation of the matters set out in points (i) and (ii) above and whether the relevant underlying clients are entitled to vote in the context of the Partial Offer will be submitted to the Executive prior to the acceptance and approval of the Partial Offer in respect of the relevant Shares held by the relevant connected exempt principal trader.
12. On the assumption that all Shares tendered for acceptance under the Partial Offer are from Other Shareholders (as listed in the table above).

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.

LETTER FROM CLSA LIMITED

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.

9. REASONS FOR AND BENEFITS OF THE PARTIAL OFFER

Reference is made to the annual results announcement of the Company dated 30 March 2022. The audited revenue and net profit of the Group for the year ended 31 December 2021 increased by approximately 38.6% and 75.0% respectively as compared to the equivalent period in 2020, while the basic earnings per Share and diluted earnings per Share increased by 82.1% and 81.9% respectively as compared to the equivalent period in 2020.

Given that the global economy has been gradually recovering from the COVID-19 pandemic and the Chinese government has also strengthened organic economic development drivers to promote continuous economic growth with the help of investment policies and consumption policies alongside measures to expand domestic demand and allocate funds, the Joint Offerors expect that the global demand for automotive tire strengthening material will grow significantly in the coming few years, and in the mid and long run, the radial tire cord industry will continue to thrive. Therefore, the Joint Offerors seek to obtain further interest in the Company to consolidate their joint control in the Company.

When determining the Maximum Number of Offer Shares and the Minimum Number of Offer Shares, the Joint Offerors have taken into account the interests of the Company, the Qualifying Shareholders, the Five Parties and themselves. The Joint Offerors are of the view that the Partial Offer will benefit all the aforesaid parties.

Benefits to the Company, the Five Parties and the Joint Offerors

As at the Latest Practicable Date, the Joint Offerors and parties acting in concert with them collectively owned approximately 45.60% of the voting rights in the Company. Upon the Partial Offer becoming unconditional, the Joint Offerors and parties acting in concert with them will collectively own not less than 50.01% of voting rights in the Company, which allow them to exercise statutory control of the Company. At the same time, the public float of the Company will be maintained at or above the 25% level as required under the Listing Rules and it is the intention of the Joint Offerors to maintain the listing status of the Shares on the Stock Exchange upon completion of the Partial Offer.

LETTER FROM CLSA LIMITED

Upon completion of the Partial Offer, the Company will have greater flexibility to manage its capital structure. As stated above, since the Joint Offerors and parties acting in concert with them only owned an aggregate of approximately 45.60% of the voting rights in the Company as at the Latest Practicable Date, the Company is therefore restricted from pursuing share repurchases opportunistically without potentially triggering a mandatory general offer obligation under Rule 26.1 of the Takeovers Code on the part of the Joint Offerors and parties acting in concert with them. Should the Partial Offer be completed, the Joint Offerors, the Joint Offerors' Shareholders and parties acting in concert with either of them will collectively own more than 50% of the voting rights in the Company and thus they will no longer be subject to the "2% creeper rule" under Rule 26.1 of the Takeovers Code (save that 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). The Company can then manage its capital structure, including by way of making share repurchases, more flexibly. The Company has no intention to pursue share repurchases after the completion of the Partial Offer.

The increase in shareholding in the Company by the Joint Offerors and parties acting in concert with them can also demonstrate their commitment to the Group and their confidence towards the prospects of the Group. It may possibly improve the Group's credit indicators which allow the Group to conduct future equity and debt financing at a lower cost.

Benefits to the Qualifying Shareholders

Upon the Partial Offer becoming unconditional, each Qualifying Shareholder (i) will receive a payment of HK\$1.88 in cash for every Offer Share in respect of which that Qualifying Shareholder validly accepts the Partial Offer and which is taken up by the Joint Offerors under the Partial Offer (less the seller's ad valorem stamp duty arising therefrom); and (ii) will have the opportunity of retaining an interest in the Company going forward and therefore, will be able to enjoy any further potential upside from any retained ownership in the Company post the Partial Offer.

10. INTENTION OF THE JOINT OFFERORS REGARDING THE GROUP

The Joint Offerors intend to continue the existing businesses and the employment of employees of the Group and have no intention to introduce any major changes in the business, including any redeployment of fixed assets of the Group which is not in the ordinary course of business. The Joint Offerors consider that the Group should continue to review its strategy and focus to best suit the operating environment of the Group.

The Joint Offerors and the Board have not entered and do not intend to enter into any agreement, arrangements, understanding (i) to acquire and/or develop any new business nor (ii) to dispose of or downsize the existing businesses and/or material operating assets, of the Company. The Company has no intention to appoint new members to the Board after the completion of the Partial Offer.

LETTER FROM CLSA LIMITED

11. PUBLIC FLOAT

The Stock Exchange has stated that if, at the closing 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:

- (a) a false market exists or may exist in the trading of the Shares; or
- (b) 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.

As at the Latest Practicable Date, the Company had a public float of approximately 54.21% of the Shares in issue. Assuming (i) full acceptances of the Maximum Number of Offer Shares under the Partial Offer by the Qualifying Shareholders (other than Mr. Tao Jinxiang, Perfect Sino, the Trustee and the INEDs) and (ii) that there are no changes to the issued share capital of the Company and the number of Shares held by the Trustee under the Share Award Scheme between the Latest Practicable Date and up to the Closing Date, the Company will have a public float of approximately 49.40% of the Shares in issue immediately following the close of the Partial Offer. Accordingly, the number of Shares in public hands will continue to meet the 25% minimum public float requirement under Rule 8.08 of the Listing Rules. The Joint Offerors intend to maintain the listing status of the Shares on the Stock Exchange upon completion of the Partial Offer.

As required to be disclosed pursuant to Rule 14.81(1) of the Listing Rules, the Joint Offerors intend that the Company remains listed on the Stock Exchange. 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 upon completion of the Partial Offer.

12. OVERSEAS SHAREHOLDERS

The Partial Offer is made available to all Qualifying Shareholders, including the Overseas Shareholders. However, the Partial Offer to persons not resident in Hong Kong may be affected by the laws of the relevant jurisdiction in which they are resident. The making of the Partial Offer to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or limited by the laws or regulations of the relevant jurisdictions. Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek independent legal advice. It is the responsibility of Overseas Shareholders who wish to accept the Partial Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Partial Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due from the accepting Overseas Shareholders in respect of such jurisdictions).

LETTER FROM CLSA LIMITED

According to the register of member of the Company as the Latest Practicable Date, there were Overseas Shareholders with registered address located in Australia and the PRC. The Joint Offerors were advised by relevant legal advisers that there is no restriction for the Joint Offerors to despatch this Composite Document and the Form of Approval and Acceptance, and to make the Partial Offer to the Overseas Shareholders. The Joint Offerors will therefore despatch this Composite Document and Form of Approval and Acceptance to the Overseas Shareholders. This Composite Document will not be filed, nor approved for its issuance sought, under the applicable securities or equivalent legislation or rules of any jurisdiction other than Hong Kong. Whether or not this Composite Document is sent to the Overseas Shareholders, this Composite Document will be published on the websites of the Company and the Stock Exchange, and will be available for collection in the office of the Registrar.

Any acceptance of the Partial Offer by any Qualifying Shareholder will be deemed to constitute a representation and warranty from such persons to the Joint Offerors and their advisers that all local laws and regulatory requirements have been complied with and that the Partial Offer can be accepted by such persons lawfully under the laws of the relevant jurisdiction. Qualifying Shareholders should consult their professional advisers if in any doubt.

13. 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.

14. INFORMATION ON THE JOINT OFFERORS

Great Trade is a company incorporated in the British Virgin Islands with limited liability on 2 January 2004. As at the Latest Practicable Date, Mr. Liu Jinlan, chairman of the Board and an executive Director, was the sole registered shareholder of Great Trade. Great Trade is principally engaged in investment holding.

In-Plus is a company incorporated in the British Virgin Islands with limited liability on 2 January 2004. As at the Latest Practicable Date, Mr. Liu Xiang, an executive Director and the son of Mr. Liu Jinlan, was the sole registered shareholder of In-Plus. In-Plus is principally engaged in investment holding.

Power Aim is a company incorporated in the British Virgin Islands with limited liability on 2 January 2004. As at the Latest Practicable Date, Mr. Zhang Yuxiao, an executive Director, was the sole registered shareholder of Power Aim. Power Aim is principally engaged in investment holding.

LETTER FROM CLSA LIMITED

Wise Creative is a company incorporated in the British Virgin Islands with limited liability on 2 January 2004. As at the Latest Practicable Date, Mr. Hang Youming, the son-in-law of Mr. Liu Jinlan, was the sole registered shareholder of Wise Creative. Wise Creative is principally engaged in investment holding.

The interests and rights of Great Trade, In-Plus, Power Aim and Wise Creative, and the interests and rights in the Shares held by Mr. Liu Jinlan, Mr. Liu Xiang, Mr. Zhang Yuxiao and Mr. Hang Youming through Great Trade, In-Plus, Power Aim and Wise Creative are owned by Mr. Liu Jinlan, Mr. Liu Xiang, Mr. Zhang Yuxiao and Mr. Hang Youming respectively for the benefit of the ESC Members, save for the Shares acquired by any of Mr. Liu Jinlan, Mr. Liu Xiang, Mr. Zhang Yuxiao and Mr. Hang Youming in their own name or through Great Trade, In-Plus, Power Aim and Wise Creative respectively using the funds provided by themselves on or after 30 August 2005 (including the Offer Shares to be acquired by Great Trade, In-Plus, Power Aim and Wise Creative respectively under the Partial Offer), such acquired Shares (together with all rights and benefits accruing and attaching thereto) shall be for the respective benefit of Mr. Liu Jinlan, Mr. Liu Xiang, Mr. Zhang Yuxiao and Mr. Hang Youming only and not for the benefit of the other ESC Members. As at the Latest Practicable Date, among the 632,767,883 Shares held by the Five BVI Companies, (i) a total of 454,678,266 Shares (representing approximately 27.35% of the total issued share capital of the Company as at the Latest Practicable Date) were held for the benefit of the respective members of the Five Parties, being 225,270,933 Shares for Mr. Liu Jinlan, 82,254,840 Shares for Mr. Liu Xiang, 55,862,493 Shares for Mr. Tao Jinxiang, 42,725,000 Shares for Mr. Zhang Yuxiao, and 48,565,000 Shares for Mr. Hang Youming respectively; and (ii) the remaining 178,089,617 Shares (representing approximately 10.71% of the total issued share capital of the Company as at the Latest Practicable Date) were held for the benefit of the other ESC Members.

Widen Success is a company incorporated in the British Virgin Islands with limited liability on 7 July 2022. As at the Latest Practicable Date, Mr. Liu Tao, the son of Mr. Liu Jinlan, held the entire issued share capital of Widen Success. Widen Success is principally engaged in investment holding.

15. COMPULSORY ACQUISITION

The Joint Offerors do not intend to avail themselves of any powers of compulsory acquisition.

16. ACCEPTANCE AND SETTLEMENT

Your attention is drawn to the further details regarding the procedures for acceptance and settlement and acceptance period as set out in Appendix I to this Composite Document and the accompanying Form of Approval and Acceptance.

17. GENERAL

This Composite Document has been prepared for the purpose of complying with the laws of Hong Kong, the Takeovers Code and the Listing Rules. The information disclosed in it may not be the same as that which would have been disclosed if this Composite Document had been prepared in accordance with the laws or rules of jurisdictions outside Hong Kong.

LETTER FROM CLSA LIMITED

The attention of Overseas Shareholders is drawn to the paragraph headed “9. Overseas Shareholders” in Appendix I to this Composite Document.

To ensure equality of treatment of all Qualifying Shareholders, registered Shareholders who hold Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of Shares by each beneficial owner separately. In order for the beneficial owners of Shares whose investments are registered in nominee names (including those whose interests in Shares are held through CCASS) to approve and/or accept the Partial Offer, it is essential that they provide instructions to their nominees of their intentions with regard to the Partial Offer.

All documents to be sent to the Shareholders will be sent to them by ordinary post at their own risk to their respective addresses as they appear in the register of the members of the Company or, in the case of joint holders, to such holder whose name appears first in the register of members. Payment of the consideration (after deducting the seller’s ad valorem stamp duty) for the Offer Shares tendered for acceptance under the Partial Offer will be made in cheque to the Qualifying Shareholders (to the address specified on the Form of Approval and Acceptance) accepting the Partial Offer by ordinary post at his/her/its own risk.

18. ADDITIONAL INFORMATION

Your attention is drawn to the additional information regarding the Partial Offer set out in the appendices to this Composite Document and the accompanying Form of Approval and Acceptance, which form part of this Composite Document. In addition, your attention is also drawn to the letter from the Board, the letter from the Independent Board Committee and the letter from the Independent Financial Adviser contained in this Composite Document.

In considering what action to take in connection with the Partial Offer, you should consider your own tax and financial positions, and if you are in doubt, you should consult your professional advisers.

Yours faithfully,
For and on behalf of
CLSA Limited
CHAN Wai Hung, Edmund
Managing Director

LETTER FROM THE BOARD



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)

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:

6th 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**

LETTER FROM THE BOARD

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.

LETTER FROM THE BOARD

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.

LETTER FROM THE BOARD

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.

LETTER FROM THE BOARD

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.

LETTER FROM THE BOARD

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
Tao Jinxiang
Executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

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**

We have been appointed as members of the Independent Board Committee to advise you in respect of the Partial Offer, details of which are set out in the letter from CLSA Limited and the letter from the Board in this Composite Document in relation to the Partial Offer jointly issued by the Company and the Joint Offerors dated 27 January 2023, of which this letter forms part. Capitalised terms used in this letter have the same meanings as defined in this Composite Document unless the context requires otherwise.

Your attention is drawn to the letter from the Board, the letter from CLSA Limited, Appendix I to this Composite Document and the accompanying Form of Approval and Acceptance containing the detailed terms of the Partial Offer, and the letter of advice from the Independent Financial Adviser in this Composite Document, which contains the Independent Financial Adviser's advice and recommendation to us in respect of the Partial Offer, as well as the principal factors and reasons for its advice and recommendation.

Having considered the terms of the Partial Offer, taking into account the information contained in this Composite Document and the advice of the Independent Financial Adviser, in particular the factors, reasons and recommendations set out in its letter which has been incorporated in this Composite Document, we are of the opinion that the terms of the Partial Offer are fair and reasonable so far as the Qualifying Shareholders are concerned, and accordingly we recommend the Qualifying Shareholders to approve and accept the Partial Offer.

Notwithstanding our recommendation, the Qualifying Shareholders, in particular those who may wish to realise their investment in the Shares, are reminded to monitor the market price and liquidity of the Shares closely during the period of the Partial Offer. If during the period of the Partial Offer, it transpires that the market price of the Shares exceeds the Offer Price and the sales proceeds (net of transaction costs) exceed

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

the net proceeds receivable under the Partial Offer, the Qualifying Shareholders may, if they are able to do so, seek to sell their Shares in the market instead of accepting the Partial Offer. However, if the market conditions do not allow for disposal of Shares over the Offer Price or if it is believed that the price of the Shares may not exceed the Offer Price, those Qualifying Shareholders who wish to sell more than 7.76% (*Note*) of their holdings which may be taken up under the terms of the Partial Offer should consider tendering more than 7.76% of their total holdings in the Shares. On the other hand, for those Qualifying Shareholders who, after considering the information contained in this Composite Document, are attracted by the future prospects of the Group following the Partial Offer, they may consider retaining all or part of their Shares.

Qualifying Shareholders are recommended to read the full text of the letter from the Independent Financial Adviser on pages 36 to 68 of this Composite Document.

Note:

The maximum of 80,000,000 Offer Shares to be purchased by the Joint Offerors from the Qualifying Shareholder represented approximately 7.76% of the total number of Shares held by the Qualifying Shareholders as at the Latest Practicable Date, being 1,030,835,742 Shares.

Yours faithfully,
For and on behalf of the Independent Board Committee
Xingda International Holdings Limited

Koo Fook Sun, Louis
Independent
Non-executive Director

William John Sharp
Vice Chairman and Independent
Non-executive Director

Xu Chunhua
Independent
Non-executive Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of the letter from Optima Capital Limited containing its advice to the Independent Board Committee relating to the Partial Offer, which is prepared for the purpose of incorporation in this Composite Document.



Suite 1501, 15th Floor
Jardine House
1 Connaught Place
Central, Hong Kong

27 January 2023

To the Independent Board Committee

Dear Sirs,

**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**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Company to advise the Independent Board Committee in respect of the Partial Offer. Details of the Partial Offer are set out in the Composite Document jointly issued by the Joint Offerors and the Company dated 27 January 2023, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Composite Document unless the context otherwise requires.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Koo Fook Sun, Louis, Mr. William John Sharp and Ms. Xu Chunhua, has been established by the Company in accordance with Rule 2.1 of the Takeovers Code to make recommendation to the Qualifying Shareholders as to whether the terms of the Partial Offer are fair and reasonable, and as to approval and acceptance of the Partial Offer. We, Optima Capital Limited, have been appointed by the Company as the Independent Financial Adviser in accordance with Rule 2.4 of the Takeovers Code to advise the Independent Board Committee in respect of the Partial Offer. Our appointment has been approved by the Independent Board Committee.

We are not associated or connected with the Company or the Joint Offerors, their respective substantial shareholders or any party acting, or presumed to be acting, in concert with any of them. We are therefore considered eligible to give independent advice in respect of the Partial Offer. Apart from normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company or the Joint Offerors, their respective substantial shareholders or any party acting, or presumed to be acting, in concert with any of them.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In formulating our advice and recommendation, we have relied on the information and facts supplied, and the opinions expressed, by the Directors and management of the Company (the “**Management**”) and have assumed that the information and facts provided and opinions expressed to us are true, accurate and complete in all material respects at the time they were provided and expressed, and continue to be true, accurate and complete in all material respects up to the Latest Practicable Date. We have reviewed, among other things, (i) the Joint Announcement; (ii) the Composite Document; (iii) the annual reports of the Company for the three years ended 31 December 2019 (the “**2019 Annual Report**”), 2020 (the “**2020 Annual Report**”) and 2021 (the “**2021 Annual Report**”); (iv) the interim report of the Company for the six months ended 30 June 2022 (the “**2022 Interim Report**”); and (v) other information obtained from the public domain. We have also sought and received confirmation from the Management that no material facts have been omitted from the information supplied and opinions expressed to us. We have relied on such information and consider that the information we have received is sufficient for us to reach an informed view and have no reason to believe that any material information have been withheld, nor doubt the truth or accuracy of the information provided. We have not, however, conducted any independent investigation into the business and affairs of the Group or the Joint Offerors or the associates of any of them, nor have we carried out any independent verification of the information supplied. Should there be any subsequent material changes in such information during the Offer Period, the Company will inform the Shareholders as soon as practicable in accordance with Rule 9.1 of the Takeovers Code. The Shareholders shall also be informed as soon as practicable when there are any material changes to the information contained or referred to in this letter and our opinion after the Latest Practicable Date and throughout the Offer Period.

In relation to the Partial Offer, we have not considered the tax implications on the Qualifying Shareholders of the acceptance or non-acceptance of the Partial Offer since these depend on their individual circumstances. In particular, the Qualifying Shareholders who are overseas residents or subject to overseas taxation or Hong Kong taxation on securities dealings should consider their own tax position and, if in any doubt, should consult their own professional advisers.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our advice with regard to the Partial Offer, we have taken into account the following principal factors and reasons:

1. Terms and conditions of the Partial Offer

Offer Price

The Partial Offer is made on the following basis:

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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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.

Conditions to the Partial Offer

The Partial Offer is subject to the following Conditions:

- (i) 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
- (ii) approval of the Partial Offer pursuant to Rule 28.5 of the Takeovers Code by Qualifying Shareholders who are registered as Shareholders 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.

Under Rule 28.5 of the Takeovers Code, a partial offer which could result in the offeror holding 30% or more of the voting rights in a company must normally be conditional on the approval by shareholders holding over 50% of the voting rights not held by the offeror and parties acting in concert with it by means of signifying their approval on a separate box on the form of approval and acceptance.

Mr. Liu Jinlan, Mr. Liu Xiang, Mr. Zhang Yuxiao and Mr. Hang Youming are the sole registered shareholder of Great Trade, In-Plus, Power Aim and Wise Creative respectively; hence, each of them is a party acting in concert with the Joint Offerors. Accordingly, none of Mr. Liu Jinlan, Mr. Liu Xiang, Mr. Zhang Yuxiao and Mr. Hang Youming are Qualifying Shareholders nor are they entitled to signify their approval of the Partial Offer under Rule 28.5 of the Takeovers Code.

Mr. Tao Jinxiang is a party to the Five Parties' Agreement; therefore, Mr. Tao Jinxiang and Perfect Sino, a company wholly-owned by Mr. Tao Jinxiang, are parties acting in concert with the Joint Offerors. The Tao Shares will be subject to the Partial Offer but Mr. Tao Jinxiang and Perfect Sino are not entitled to signify their approval of the Partial Offer under Rule 28.5 of the Takeovers Code.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at the Latest Practicable Date, the Trustee held 2,139,665 Shares for satisfying the unvested share awards granted to the grantees under the Share Award Scheme. Pursuant to the Share Award Scheme, the Trustee shall not exercise the voting rights in respect of any Shares held under the trust constituted for the Share Award Scheme, therefore it is not entitled to signify its approval of the Partial Offer for the purposes of Rule 28.5 of the Takeovers Code. The Shares held by the Trustee will be subject to the Partial Offer but given the Trustee holds Shares for the purposes of the Share Award Scheme, the Company does not intend to give any instruction to the Trustee to accept the Partial Offer.

Whether or not the Qualifying Shareholders accept the Partial Offer, they (other than parties acting in concert with the Joint Offerors and the Trustee) may approve the Partial Offer AND specify the number of Offer Shares in respect of which they signify their approval of the Partial Offer in the Form of Approval and Acceptance. Each Offer Share shall be entitled to ONE vote only. Multiple votes in respect of the same Offer Share will not be taken into account when counting the approval of the Partial Offer. Qualifying Shareholders may specify the number of Offer Shares in respect of which they tender for acceptance of the Partial Offer.

In the event that valid acceptances are received:

- (i) 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
- (ii) 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.

Pursuant to Rule 15.1 of the Takeovers Code, the Partial Offer must initially be open for acceptance for at least 21 days following the Despatch Date.

Pursuant to Rule 15.3 of the Takeovers Code, where a conditional offer becomes or is declared unconditional (whether as to acceptances or in all respects), it should remain open for acceptance for not less than 14 days thereafter. Pursuant to Rule 28.4 of the Takeovers Code, if the Partial Offer has been declared unconditional as to acceptances on the First Closing Date, the Joint Offerors cannot extend the Final Closing Date to a day beyond the 14th day after the First Closing Date.

Accordingly, if the Partial Offer is declared unconditional in all respects on or before Friday, 10 February 2023, then the Final Closing Date would be on (but no earlier or later than) the First Closing Date. If the Partial Offer is declared unconditional in all respects later than Friday, 10 February 2023, then the Final Closing Date would be 14 days after the date of such declaration.

Pursuant to Rule 28.4 of the Takeovers Code, if the Partial Offer has been approved for the purposes of Rule 28.5 of the Takeovers Code by Qualifying Shareholders who are registered as Shareholders 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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

either of them, and has been declared unconditional as to acceptances on the First Closing Date, the Joint Offerors cannot extend the Final Closing Date to a day beyond the 14th day after the First Closing Date.

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).

Further details on the terms and conditions of the Partial Offer, including the procedures for acceptance and settlement and acceptance period, are set out in the letter from CLSA Limited contained in the Composite Document, Appendix I to the Composite Document and the accompanying Form of Approval and Acceptance.

2. Principal businesses of 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 manufacture and trading of radial tire cords, bead wires and other wires. The Group is a manufacturer of radial tire cords in the PRC and its top customers are mainly global tire manufactures. The Group's production bases are located in Jiangsu and Shandong Province of the PRC and Thailand.

Major operating segments

Set out below is the sales volume of different products of the Group for each of the financial years ended 31 December 2019 (“FY2019”), 2020 (“FY2020”) and 2021 (“FY2021”) and the six months ended 30 June 2021 (“HY2021”) and 2022 (“HY2022”) extracted from the respective annual reports of the Company and the 2022 Interim Report:

	FY2019	FY2020	FY2021	HY2021	HY2022
	<i>Tonnes</i>	<i>Tonnes</i>	<i>Tonnes</i>	<i>Tonnes</i>	<i>Tonnes</i>
Radial tire cords	676,300	707,000	851,400	439,200	413,000
– For trucks	426,100	436,800	504,600	266,800	241,100
– For passenger cars	250,200	270,200	346,800	172,400	171,900
Bead wires	83,800	105,100	130,400	69,800	68,400
Hose wires and other wires	<u>57,600</u>	<u>70,100</u>	<u>95,800</u>	<u>45,200</u>	<u>46,000</u>
Total	<u>817,700</u>	<u>882,200</u>	<u>1,077,600</u>	<u>554,200</u>	<u>527,400</u>

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is the revenue generated by different products of the Group for each of FY2019, FY2020, FY2021, HY2021 and HY2022 extracted from the respective annual reports and the 2022 Interim Report:

	FY2019	FY2020	FY2021	HY2021	HY2022
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Radial tire cords	6,681.3	6,626.9	9,019.5	4,473.5	4,700.9
– For trucks	4,283.0	4,192.9	5,494.6	2,817.5	2,752.2
– For passenger cars	2,398.3	2,434.0	3,524.9	1,656.0	1,948.7
Bead wires	488.5	569.9	869.7	448.3	468.8
Hose wires and other wires	<u>411.8</u>	<u>483.1</u>	<u>756.1</u>	<u>353.4</u>	<u>369.9</u>
Total	<u>7,581.6</u>	<u>7,679.9</u>	<u>10,645.3</u>	<u>5,275.2</u>	<u>5,539.6</u>

The Group's sales were principally generated from the PRC, which accounted for approximately 72.5% and 64.6% of the Group's revenue for FY2021 and HY2022 respectively. The remainder was generated from sales to Thailand, India, the United States of America, Brazil, Korea and a number of other countries. As at 30 June 2022, the Group had 432 types of radial tire cord products and 203 types of bead wire, hose wire and other wire products available to its customers.

3. Reasons for and benefits of the Partial Offer and intention of the Joint Offerors

As disclosed in the 2021 Annual Report, the audited revenue and net profit of the Group for FY2021 increased by approximately 38.6% and 75.0% respectively as compared to FY2020, while the basic earnings per Share and diluted earnings per Share in FY2021 increased by 82.1% and 81.9% respectively as compared to FY2020.

Given that the global economy has been gradually recovering from the COVID-19 pandemic and the Chinese Government has also strengthened organic economic development drivers to promote continuous economic growth with the help of investment policies and consumption policies alongside measures to expand domestic demand and allocate funds, the Joint Offerors expect that the global demand for automotive tire strengthening material will grow significantly in the coming few years, and in the mid and long run, the radial tire cord industry will continue to thrive. Therefore, the Joint Offerors seek to obtain further interest in the Company to consolidate their joint control in the Company.

When determining the Maximum Number of Offer Shares and the Minimum Number of Offer Shares, the Joint Offerors have taken into account the interests of the Company, the Qualifying Shareholders, the Five Parties and themselves. The Joint Offerors are of the view that the Partial Offer will benefit all the aforesaid parties.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Benefits to the Company, the Five Parties and the Joint Offerors

As at the Latest Practicable Date, the Joint Offerors and parties acting in concert with them collectively owned approximately 45.60% of the voting rights in the Company. Upon the Partial Offer becoming unconditional, the Joint Offerors and parties acting in concert with them will collectively own not less than 50.01% of voting rights in the Company, which allow them to exercise statutory control of the Company. At the same time, the public float of the Company will be maintained at or above the 25% level as required under the Listing Rules and it is the intention of the Joint Offerors to maintain the listing status of the Shares on the Stock Exchange upon completion of the Partial Offer.

Upon completion of the Partial Offer, the Company will have greater flexibility to manage its capital structure. As stated above, since the Joint Offerors and parties acting in concert with them only owned an aggregate of approximately 45.60% of the voting rights in the Company as at the Latest Practicable Date, the Company is therefore restricted from pursuing share repurchases opportunistically without potentially triggering a mandatory general offer obligation under Rule 26.1 of the Takeovers Code on the part of the Joint Offerors and parties acting in concert with them. Should the Partial Offer be completed, the Joint Offerors and parties acting in concert with them will collectively own more than 50% of the voting rights in the Company and thus they will no longer be subject to the “2% creeper rule” under Rule 26.1 of the Takeovers Code (save that 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). The Company can then manage its capital structure, including by way of making share repurchases, more flexibly (the “**Company’s Benefits**”). The Company has no intention to pursue share repurchases after the completion of the Partial Offer.

The increase in shareholding in the Company by the Joint Offerors and parties acting in concert with them can also demonstrate their commitment to the Group and their confidence towards the prospects of the Group. It may possibly improve the Group’s credit indicators which allow the Group to conduct future equity and debt financing at a lower cost.

Benefits to the Qualifying Shareholders

Upon the Partial Offer becoming unconditional, each Qualifying Shareholder (i) will receive a payment of HK\$1.88 in cash for every Offer Share in respect of which that Qualifying Shareholder validly accepts the Partial Offer and which is taken up by the Joint Offerors under the Partial Offer (less the seller’s ad valorem stamp duty arising therefrom); and (ii) will have the opportunity of retaining an interest in the Company going forward and therefore, will be able to enjoy any further potential upside from any retained ownership in the Company post the Partial Offer.

Intention of the Joint Offerors

The Joint Offerors intend to continue the existing businesses and the employment of employees of the Group and have no intention to introduce any major redeployment of fixed assets to the Group which is not in the ordinary course of business. The Joint Offerors consider that the Group should continue to review its strategy and focus to best suit the operating environment of the Group. The Joint

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Offerors and the Board have not entered and do not intend to enter into any agreement, arrangements, understanding (i) to acquire and/or develop any new business nor (ii) to dispose of or downsize the existing businesses and/or material operating assets, of the Company. The Company has no intention to appoint new members to the Board after the completion of the Partial Offer.

In light of the Company's Benefits, we have enquired the Management if there is any plan for major corporate exercises including but not limited to share repurchase and proposed dividend and we understand from the Management that there is no such plan in contemplating as at the Latest Practicable Date. Although there is no such plan in contemplating as at the Latest Practicable Date, we concurred with the Management that the successful implementation and completion of the Partial Offer would enable the Company to secure the Company's Benefits, being the flexibility to manage its capital structure and alignment of the Company's interest and the Joint Offeror's interest in the Company.

Accordingly, we consider that the Partial Offer would offer an opportunity to those Qualifying Shareholders who wish to realise at least part of their investments in the Shares at a premium to the prevailing market price that would be difficult to achieve under the current market condition, without incurring any costs (other than stamp duty) which are customarily payable when disposing of shares in the open market, while retaining part of their equity interest in the Company to participate in the future development of the Group. For the analysis of the historical market prices of the Share, please refer to the section headed "10. Evaluation of the Offer Price – Comparison of the Offer Price against historical Share prices" below.

4. Historical financial results of the Group

Financial performance of the Group

Set out below is a summary of the financial performance of the Group for each of FY2019, FY2020, FY2021, HY2021 and HY2022 extracted from the respective annual reports of the Company and the 2022 Interim Report:

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

	FY2019	FY2020	FY2021	HY2021	HY2022
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)
	(restated)				
Revenue	7,581.7	7,679.9	10,645.3	5,275.2	5,539.6
Cost of sales	(6,117.7)	(6,151.4)	(8,580.4)	(4,203.3)	(4,379.8)
Gross profit	1,464.0	1,528.5	2,064.9	1,071.9	1,159.8
Other income, net	126.4	159.2	189.8	94.9	88.7
Government grants	13.7	18.4	20.6	5.9	4.5
Distribution and selling expenses	(544.2)	(564.7)	(999.3)	(401.1)	(533.4)
Administrative expenses	(382.2)	(563.3)	(463.4)	(204.5)	(214.3)
Other gains and losses, net	31.2	(51.6)	83.7	(60.9)	23.8
Impairment losses	(25.3)	7.4	(7.5)	(6.2)	1.6
Research and development expenditure	(107.1)	(108.5)	(138.8)	(56.5)	(92.4)
Finance costs	(40.7)	(81.0)	(163.4)	(75.0)	(97.5)
Profit before tax	535.8	344.4	419.0	368.6	340.7
Income tax expense	(129.3)	(169.0)	(112.0)	(69.4)	(82.2)
Profit for the year attributable to					
– owners of the Company	285.8	115.0	218.9	214.0	164.8
– non-controlling interests	120.7	60.4	88.1	85.2	93.7
Profit for the year	406.5	175.4	307.0	299.2	258.5
Earnings per Share:					
Basic (<i>RMB cents</i>)	18.89	7.39	13.46	13.37	9.93
Diluted (<i>RMB cents</i>)	18.79	7.35	13.37	13.30	9.88

HY2022 versus HY2021

During HY2022, revenue and gross profit of the Group increased by approximately 5.0% and 8.2% respectively as compared to that in HY2021. Various control measures adopted by the Chinese Government for containing the COVID-19 pandemic caused certain impact on economic activities and disruption of logistics, which resulted in decrease in the overall production and demand for tires, and thereby the decline in production and sales of domestic radial tire cords, during HY2022. However, the increase in average selling prices, together with the boost in sales volumes in the overseas market, outweighed the effect of the drop in sales volume in the PRC market, leading to the increase in gross profit margin by approximately 0.6% to approximately 20.9% and resulted in increase in revenue and gross profit.

The Group also recorded net other gains in HY2022 as compared to a net other loss recorded in HY2021, which was mainly attributable to the net foreign exchange gain of approximately RMB29.2 million and reduced loss on written off and disposal of property, plant and equipment during HY2022. On the other hand, during HY2022, (i) the distribution and selling expenses increased by approximately 33.0% as a result of higher transportation costs due to higher export sales volume and inflated shipment fees; (ii) research and development expenses increased by approximately 63.5% as

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a result of more research and development projects for new products and optimisation of production process undergone by the Group; and (iii) finance costs increased by approximately 30.0% due to the rise of average balance of bank borrowings.

As a result of the combined effect of the above, profit for the year attributable to owners of the Company decreased by approximately RMB49.2 million or 23.0% to approximately RMB164.8 million for HY2022 as compared to that for HY2021.

FY2021 versus FY2020

During FY2021, as the Chinese economy continued to recover, the demand for radial tire cords in the domestic market was robust. Demand from overseas markets also increased steadily mainly due to the resumption of normal production levels of overseas tire manufacturers and the need to restock radial tires subsequent to temporary shutdown of production facilities in FY2020. To cope with the strong demand for radial tire cords, the Group had enhanced its production capacity by upgrading technologies and increasing production lines during FY2021. As a result, total sales volume increased by approximately 22.1% in FY2021 as compared to that of FY2020, coupled with the increase in average selling prices, the revenue and gross profit of the Group increased by approximately 38.6% and 35.1% respectively in FY2021 as compared to that in FY2020. However, the gross profit margin dropped slightly by about 0.5% to approximately 19.4% due to the uptrend of raw materials prices in FY2021 with a time lag in passing through extra costs to customers.

The Group also recorded increase in other income of approximately RMB30.6 million due to the increase in sales of scrap materials and increase in bank interest income and net increase in other gains of approximately RMB32.1 million due to an increase in net foreign exchange loss and an increase in loss on change in fair value of financial assets at fair value through profit or loss. Administrative expenses also decreased by approximately 17.7% mainly due to the one-off share-based payment made by Jiangsu Xingda Steel Tyre Cord Co. Ltd. (“**Jiangsu Xingda**”) of approximately RMB141.1 million to reward its management in FY2020 while there was no such expense in FY2021. On the other hand, distribution and selling expenses increased by approximately RMB434.6 million due to the higher transportation and storage costs as a result of higher export sales volume and inflated shipment fees. Research and development expenses increased by approximately RMB30.3 million due to the Group’s ongoing effort to allocate more resources to boost production technique advancement, to enhance product diversity and to reduce emissions. Finance costs also increased by approximately RMB62.4 million due to the rise of average balance of bank borrowings.

As a result of the combined effect of the above, profit for the year attributable to owners of the Company increased by approximately RMB131.6 million or 75.0% to approximately RMB218.8 million for FY2021 as compared to that for FY2020.

FY2020 versus FY2019

During FY2020, as a result of the prompt and effective measures against the COVID-19 pandemic and favourable policies such as inner circulation strategy implemented by the Chinese Government, the Chinese economy started to rebound in the second quarter of 2020, resulting in significant growth of domestic market demand for radial tire cords in the second half of FY2020. As such, the Group

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recorded increase in total sales volume of approximately 7.9% in FY2020 as compared to that of FY2019. On the other hand, production levels of certain overseas tire manufacturers dropped which led to the decrease in the sales of the Group's radial tire cords to overseas markets by about 11.4%. As the sales in domestic and overseas markets accounted for approximately 78.2% and 21.8% of the total sales volume respectively, overall the sales volumes of the Group in FY2020 increased, leading to slight increase in revenue and gross profit of approximately 1.3% and 4.4% respectively. Gross profit margin improved by about 0.6% to 19.9% as a result of lower raw material prices for production.

The Group also recorded increase in other income of approximately RMB32.8 million due to the increase of bank interest income and decrease in impairment loss recognised under expected credit loss model, net of reversal, by approximately RMB32.7 million which was mainly attributable to a drop in an accumulated impairment loss recognised on trade receivables under impairment assessment by reference to the expected credit loss model in FY2020. However, during FY2021, distribution and selling expenses increased by approximately RMB20.5 million due to the share-based payment of Jiangsu Xingda amounted to approximately RMB54.5 million which was the cost of rewarding the sales team of Jiangsu Xingda incurred in FY2020. Administrative expenses also increased by approximately RMB181.1 million mainly due to (i) the one-off share-based payment of approximately RMB141.1 million made by Jiangsu Xingda to reward its management in FY2020; and (ii) additional administrative related salaries and higher administrative costs upon the commencement of production of the Thailand plant in FY2020. Besides, other gains and losses decreased by approximately RMB82.9 million in FY2020 as compared to FY2019 due to the net foreign exchange loss of approximately RMB41.3 million recorded in FY2020 and decrease in fair value of financial assets at fair value through profit and loss. Finance costs also increased by approximately RMB29.8 million due to the rise of average balance of bank borrowings.

As a result of the combined effect of the above, profit for the year attributable to owners of the Company decreased by approximately RMB231.1 million or 56.9% to approximately RMB175.4 million for FY2020 as compared to that for FY2019. If the share-based payment of Jiangsu Xingda was excluded, the adjusted net profit of the Group for FY2020 would be approximately RMB446.3 million, representing an increase of approximately RMB39.8 million or about 9.8% when compared with FY2019.

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Financial position of the Group

Set out below is a summary of the financial position of the Group as at 31 December 2021 and 30 June 2022 extracted from the 2022 Interim Report of the Company:

	31 December 2021 <i>RMB'000</i> (Audited)	30 June 2022 <i>RMB'000</i> (Unaudited)
Non-current assets		
Property, plant and equipment	5,729,026	6,293,646
Right-of-use assets	627,204	642,844
Freehold land	64,105	63,914
Investment properties	121,740	121,740
Term deposits	803,228	1,311,052
Deferred tax assets	114,480	122,719
Prepayments	20,963	19,463
	<u>7,480,746</u>	<u>8,575,378</u>
Current assets		
Inventories	1,355,395	1,706,938
Financial assets at fair value through profit or loss	149,516	132,490
Trade, bills and other receivables	8,173,246	8,336,296
Term deposits	1,930,941	1,294,763
Bank balances and cash	712,365	1,178,296
	<u>12,321,463</u>	<u>12,648,783</u>
Current liabilities		
Trade, bills and other payables	5,777,411	6,385,998
Contract liabilities	44,847	57,334
Amount due to a related company	–	4,627
Tax liabilities	30,015	36,115
Dividend payable	263,377	532,208
Borrowings – due within one year	4,789,478	4,370,705
Lease liabilities	595	200
Obligations arising from repurchase of shares	248,962	249,857
	<u>11,154,685</u>	<u>11,637,044</u>
Non-current liabilities		
Deferred tax liabilities	49,274	52,640
Borrowings – due after one year	760,000	1,685,000
Deferred income	226,713	258,693
Lease liabilities	899	810
	<u>1,036,886</u>	<u>1,997,143</u>
Total equity		
Share capital	163,218	163,218
Share premium and other reserves	5,536,632	5,499,434
Equity attributable to owners of the company	5,699,850	5,662,652
Non-controlling interests	1,910,788	1,927,322
	<u>7,610,638</u>	<u>7,589,974</u>

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Assets

Non-current assets increased by approximately RMB1,094.6 million as at 30 June 2022 as compared with that of 31 December 2021, which was mainly attributable to the increase in property, plant and equipment of approximately RMB564.6 million and increase in long-term term deposits of approximately RMB507.8 million. Current assets increased by approximately RMB327.3 million as at 30 June 2022 as compared with that of 31 December 2021, which was mainly attributable to the increase in inventories of approximately RMB351.5 million and increase in bank balances and cash of approximately RMB465.9 million. Short-term term deposits decreased by approximately RMB636.2 million as some of the term deposits were matured. As a result, total assets increased by approximately RMB1,421.9 million as at 30 June 2022 as compared with that of 31 December 2021.

Liabilities

Current liabilities increased by approximately RMB482.4 million as at 30 June 2022 as compared with that of 31 December 2021. Such increase was mainly due to increase in trade, bills and other payables of approximately RMB608.6 million and increase in dividend payable of approximately RMB268.8 million, and the effect of which was partially offset by the decrease in short-term borrowings of approximately RMB418.8 million. Non-current liabilities increased by approximately RMB960.3 million as at 30 June 2022 as compared with that of 31 December 2021 which was mainly due to increase in long-term borrowings of approximately RMB925.0 million. The gearing ratio (defined as total debts to total assets) as at 30 June 2022 was approximately 28.5% (31 December 2021: 28.0%). As a result, total liabilities increased by approximately RMB1,442.7 million as at 30 June 2022 as compared with that of 31 December 2021.

Equity

As a result of the above, equity attributable to owners of the Company dropped by approximately RMB37.2 million as at 30 June 2022 as compared with that of 31 December 2021 which was mainly attributable the combined effect of the total comprehensive income for the period attributable to owners of the Company of approximately RMB163.2 million and final dividend of approximately RMB203.9 million for FY2021(the “**FY2021 Final Dividend**”). Based on 1,662,445,199 Shares in issue as at 30 June 2022, the equity attributable to owners of the Company (“**NAV**”) per Share as at 30 June 2022 was approximately RMB3.4.

5. Historical dividend payout

The Company has a consistent track record of paying dividends over the years. The following table summarises the dividend payout of the Company for the financial years ended 31 December 2017 (“**FY2017**”) and 2018 (“**FY2018**”) and FY2019, FY2020 and FY2021:

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	FY2017	FY2018	FY2019	FY2020	FY2021
Dividend per Share (HK\$)	0.1500	0.1500	0.1500	0.1500	0.1500
	<i>(approximately RMB0.1254)</i>	<i>(approximately RMB0.1314)</i>	<i>(approximately RMB0.1344)</i>	<i>(approximately RMB0.1262)</i>	<i>(approximately RMB0.1226)</i>
	<i>(Notes 3 and 4)</i>	<i>(Notes 3 and 4)</i>	<i>(Notes 3 and 4)</i>	<i>(Notes 3 and 4)</i>	<i>(Note 3)</i>
Earnings per share – basic (RMB cents)	19.4	17.8	18.89	7.39	13.46
Dividend payout ratio (Note 1)	64.6%	73.8%	71.1%	170.8%	91.1%
Year-end closing price of the Shares (HK\$)	2.77	2.38	2.17	2.26	1.71
Dividend yield (Note 2)	5.4%	6.3%	6.9%	6.6%	8.8%

Notes:

1. Dividend payout ratio is calculated by dividing dividend per Share by earnings per Share for the relevant year.
2. Dividend yield is calculated by dividing the dividend per Share by the year-end closing price of the Shares for the relevant year.
3. For illustrative purpose, the dividend per Share (HK\$) is calculated based on the exchange rate of the central parity rate published by the People's Bank of China on its website as at the year-end date each year:

29 December 2017: HK\$1 = RMB0.83591

28 December 2018: HK\$1 = RMB0.87620

31 December 2019: HK\$1 = RMB0.89578

31 December 2020: HK\$1 = RMB0.84164

31 December 2021: HK\$1 = RMB0.81760

4. Under the Company's scrip dividend scheme, Shareholders may elect to receive:
 - (a) a cash dividend of 15.0 HK cents for each Share held on the record date; or
 - (b) a scrip dividend of scrip shares at an issue price, subject to any fractional entitlement being disregarded; or
 - (c) a combination of partly in (a) and partly in (b) above.

For illustrative purpose, the cash dividend is used to calculate the dividend payout ratio and the dividend yield.

As shown above, the Company's dividend payout ratio was about 64.6%, 73.8%, 71.1%, 170.8% and 91.1% for FY2017, FY2018, FY2019, FY2020 and FY2021 respectively. The Offer Price of HK\$1.88 per Share translates to an average dividend yield of approximately 7.4% based on the dividend of HK\$0.15 per Share for FY2019, FY2020 and FY2021. We note that the Company has been consistently paying final dividends of HK\$0.15 per Share over the past five years. We understand from the Management that there is no fixed dividend policy and the declaration and payout of the final dividend would depend on the Company's financial results and financial position of the respective year.

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Solely from the perspective of Shareholders' return in terms of dividends, Qualifying Shareholders may consider to retain their Shares in full or in part so as to continue to be entitled to any future dividends to be distributed by the Company. However, Qualifying Shareholders are strongly recommended to read the entire letter, in particular, the section headed "Conclusion and recommendation" below, before coming to a decision on whether to accept the Partial Offer.

6. Prospects of the business of the Group

As disclosed in the 2021 Annual Report and the 2022 Interim Report, every country around the world is actively dealing with the evolving pandemic situation and gradually resuming normal economic activities. In China, the pandemic situation began to ease and the economy was revived, along with automobile production and sales rebounding and achieving year-on-year growth, all of which are likely to boost the demand for radial tire cords. In June 2022, the State Council of the PRC launched a series of policies to promote automobile consumption and, as such, automobile and related consumption for the year is expected to increase by approximately RMB200 billion. The Company expects that the ecology of the automobile industry will continue to improve, and the auxiliary and replacement markets are looking up, all of which are factors conducive to the further recovery of the industry.

However, there are still many uncertainties amid the pandemic, in particular, the impact of recent outbreak of COVID in the PRC on the global economy is still unknown. In addition, tight global supply chains and high inflation rate may also have a negative impact on the pace of global economic rebound. Further, the Group may also be impacted by prevailing weak market sentiment which was mainly due to high market volatility as results of the deteriorating economic conditions across the globe and the uncertainty arising from the prolonged geopolitical tensions between Russia and Ukraine since late February 2022. It is uncertain as to the impacts of the challenging business environment as mentioned above may have on the future performance of the Group.

7. Information on the Joint Offerors

Great Trade is a company incorporated in the British Virgin Islands with limited liability on 2 January 2004. As at the Latest Practicable Date, Mr. Liu Jinlan, chairman of the Board and an executive Director, is the sole registered shareholder of Great Trade. Great Trade is principally engaged in investment holding.

In-Plus is a company incorporated in the British Virgin Islands with limited liability on 2 January 2004. As at the Latest Practicable Date, Mr. Liu Xiang, an executive Director and the son of Mr. Liu Jinlan, is the sole registered shareholder of In-Plus. In-Plus is principally engaged in investment holding.

Power Aim is a company incorporated in the British Virgin Islands with limited liability on 2 January 2004. As at the Latest Practicable Date, Mr. Zhang Yuxiao, an executive Director, is the sole registered shareholder of Power Aim. Power Aim is principally engaged in investment holding.

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Wise Creative is a company incorporated in the British Virgin Islands with limited liability on 2 January 2004. As at the Latest Practicable Date, Mr. Hang Youming, the son-in-law of Mr. Liu Jinlan, is the sole registered shareholder of Wise Creative. Wise Creative is principally engaged in investment holding.

The interests and rights of Great Trade, In-Plus, Power Aim and Wise Creative, and the interests and rights in the Shares held by Mr. Liu Jinlan, Mr. Liu Xiang, Mr. Zhang Yuxiao and Mr. Hang Youming through Great Trade, In-Plus, Power Aim and Wise Creative are owned by Mr. Liu Jinlan, Mr. Liu Xiang, Mr. Zhang Yuxiao and Mr. Hang Youming respectively for the benefit of the ESC Members, save for the Shares acquired by any of Mr. Liu Jinlan, Mr. Liu Xiang, Mr. Zhang Yuxiao and Mr. Hang Youming in their own name or through Great Trade, In-Plus, Power Aim and Wise Creative respectively using the funds provided by themselves on or after 30 August 2005 (including the Offer Shares to be acquired by Great Trade, In-Plus, Power Aim and Wise Creative respectively under the Partial Offer), such acquired Shares (together with all rights and benefits accruing and attaching thereto) shall be for the respective benefit of Mr. Liu Jinlan, Mr. Liu Xiang, Mr. Zhang Yuxiao and Mr. Hang Youming only and not for the benefit of the other ESC Members. As at the Latest Practicable Date, among the 632,767,883 Shares held by the Five BVI Companies, (i) a total of 454,678,266 Shares (representing approximately 27.35% of the total issued share capital of the Company as at the Latest Practicable Date) were held for the benefit of the respective members of the Five Parties, being 225,270,933 Shares for Mr. Liu Jinlan, 82,254,840 Shares for Mr. Liu Xiang, 55,862,493 Shares for Mr. Tao Jinxiang, 42,725,000 Shares for Mr. Zhang Yuxiao, and 48,565,000 Shares for Mr. Hang Youming respectively; and (ii) the remaining 178,089,617 Shares (representing approximately 10.71% of the total issued share capital of the Company as at the Latest Practicable Date) were held for the benefit of the other ESC Members.

Widen Success is a company incorporated in the British Virgin Islands with limited liability on 7 July 2022. As at the Latest Practicable Date, Mr. Liu Tao, the son of Mr. Liu Jinlan, held the entire issued share capital of Widen Success. Widen Success is principally engaged in investment holding.

8. Changes in shareholding structure after the Partial Offer

Assuming that there will be no change to the issued share capital of the Company and no other change to the shareholding between the Latest Practicable Date and up to the Closing Date, the shareholding structure of the Company, as at the Latest Practicable Date and immediately upon completion of the Partial Offer, is set out below:

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	Immediately upon completion of the Partial Offer					
	As at the Latest Practicable Date		Assuming the Minimum Number of Offer Shares is tendered for acceptance by the Qualifying Shareholders under the Partial Offer ⁽¹²⁾		Assuming the Maximum Number of Offer Shares is tendered for acceptance by the Qualifying Shareholders under the Partial Offer ⁽¹²⁾	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
Joint Offerors						
Great Trade	274,104,883	16.49%	322,418,717	19.39%	329,104,883	19.80%
In-Plus	151,114,000	9.09%	155,114,000	9.33%	155,114,000	9.33%
Power Aim	42,725,000	2.57%	52,725,000	3.17%	52,725,000	3.17%
Wise Creative	48,565,000	2.92%	54,065,000	3.25%	54,065,000	3.25%
Widen Success	-	-	5,500,000	0.33%	5,500,000	0.33%
<i>Sub-total of Joint Offerors</i>	516,508,883	31.07%	589,822,717	35.48%	596,508,883	35.88%
Parties acting in concert with the Joint Offerors						
Mr. Liu Jinlan ⁽¹⁾	49,039,275	2.95%	49,039,275	2.95%	49,039,275	2.95%
Mr. Liu Xiang ⁽²⁾	18,932,299	1.14%	18,932,299	1.14%	18,932,299	1.14%
Mr. Zhang Yuxiao ⁽³⁾	3,458,000	0.21%	3,458,000	0.21%	3,458,000	0.21%
Mr. Hang Youming ⁽⁴⁾	43,671,000	2.62%	43,671,000	2.62%	43,671,000	2.62%
Mr. Tao Jinxiang ⁽⁵⁾	10,264,000	0.62%	10,264,000	0.62%	10,264,000	0.62%
Perfect Sino ⁽⁵⁾	116,259,000	6.99%	116,259,000	6.99%	116,259,000	6.99%
<i>Sub-total of Joint Offerors and parties acting in concert with them</i>	758,132,457	45.60%	831,446,291	50.01%	838,132,457	50.42%
The INEDs						
Mr. Koo Fook Sun, Louis ⁽⁶⁾	510,824	0.031%	510,824	0.031%	510,824	0.031%
Mr. William John Sharp ⁽⁷⁾	384,000	0.023%	384,000	0.023%	384,000	0.023%
Ms. Xu Chunhua ⁽⁸⁾	50,000	0.003%	50,000	0.003%	50,000	0.003%
<i>Sub-total of the INEDs</i>	944,824	0.057%	944,824	0.057%	944,824	0.057%
The Trustee ⁽⁹⁾	2,139,665	0.13%	2,139,665	0.13%	2,139,665	0.13%
Public Shareholders						
FIL Limited ⁽¹⁰⁾	166,244,328	9.99%	166,244,328	9.99%	166,244,328	9.99%
Other Shareholders	734,983,925	44.21%	661,670,091	39.80%	654,983,925	39.40%
Total	1,662,445,199	100.00%	1,662,445,199	100.00%	1,662,445,199	100.00%

Notes:

- Mr. Liu Jinlan is a grantee under the Share Award Scheme. Upon fulfilment of the relevant vesting conditions and assuming all award Shares granted to him are vested in full, Mr. Liu Jinlan will become interested in a further 5,425,000 Shares.

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2. Mr. Liu Xiang is a grantee under the Share Award Scheme. Upon fulfilment of the relevant vesting conditions and assuming all award Shares granted to him are vested in full, Mr. Liu Xiang will become interested in a further 2,675,000 Shares.
3. Mr. Zhang Yuxiao is a grantee under the Share Award Scheme. Upon fulfilment of the relevant vesting conditions and assuming all award Shares granted to him are vested in full, Mr. Zhang Yuxiao will become interested in a further 2,675,000 Shares.
4. Mr. Hang Youming is a grantee under the Share Award Scheme. Upon fulfilment of the relevant vesting conditions and assuming all award Shares granted to him are vested in full, Mr. Hang Youming will become interested in a further 2,675,000 Shares.
5. Mr. Tao Jinxiang is a party to the Five Parties' Agreement; therefore, Mr. Tao Jinxiang and Perfect Sino, a company wholly-owned by Mr. Tao Jinxiang, are parties acting in concert with the Joint Offerors. Mr. Tao Jinxiang and Perfect Sino are Qualifying Shareholders and the Tao Shares will be subject to the Partial Offer, but Mr. Tao Jinxiang and Perfect Sino are not entitled to signify their approval of the Partial Offer under Rule 28.5 of the Takeovers Code. Mr. Tao Jinxiang is a grantee under the Share Award Scheme. Upon fulfilment of the relevant vesting conditions and assuming all award Shares granted to him are vested in full, Mr. Tao Jinxiang will become interested in a further 2,675,000 Shares.
6. Mr. Koo Fook Sun, Louis is an INED as at the Latest Practicable Date. He is a Qualifying Shareholder and the Shares held by him will be subject to the Partial Offer. Mr. Koo Fook Sun, Louis is a grantee under the Share Award Scheme. Upon fulfilment of the relevant vesting conditions and assuming all award Shares granted to him are vested in full, Mr. Koo Fook Sun, Louis will become interested in a further 217,000 Shares.
7. Mr. William John Sharp is an INED as at the Latest Practicable Date. He is a Qualifying Shareholder and the Shares held by him will be subject to the Partial Offer. Mr. William John Sharp is a grantee under the Share Award Scheme. Upon fulfilment of the relevant vesting conditions and assuming all award Shares granted to him are vested in full, Mr. William John Sharp will become interested in a further 217,000 Shares.
8. Ms. Xu Chunhua is an INED as at the Latest Practicable Date. She is a Qualifying Shareholder and the Shares held by her will be subject to the Partial Offer.
9. As at the Latest Practicable Date, the Trustee held 2,139,665 Shares for the Share Award Scheme. Pursuant to the Share Award Scheme, the Trustee shall not exercise the voting rights in respect of any Shares held under the trust constituted for the Share Award Scheme, therefore it is not entitled to signify its approval of the Partial Offer for the purposes of Rule 28.5 of the Takeovers Code. The Shares held by the Trustee will be subject to the Partial Offer but given the Trustee held Shares for the purposes of the Share Award Scheme, the Company does not intend to give any instruction to the Trustee to accept the Partial Offer.
10. Based on the disclosure of interest filings dated 1 September 2021 made by Pandanus Associates Inc., Pandanus Associates Inc. held 100.00% of Pandanus Partners L.P., which in turn held 37.01% of the issued share capital of FIL Limited. For the purpose of Part XV of the SFO, Pandanus Associates Inc. and Pandanus Partners L.P. are deemed to be interested in the Shares held by FIL Limited.
11. CITIC Securities (Hong Kong) is the financial adviser to the Joint Offerors in respect of the Partial Offer. Accordingly, CITIC Securities (Hong Kong) and persons controlling, controlled by or under the same control as CITIC Securities (Hong Kong) (except exempt principal traders and exempt fund managers, in each case recognised by the Executive as such for the purpose of the Takeovers Code) are presumed to be acting in concert with the Joint Offerors in relation to the Company in accordance with Class (5) of the definition of "acting in concert" under the Takeovers Code. As at the Latest Practicable Date, members of the CITIC Securities (Hong Kong) group do not legally or beneficially own, control or have direction over any Shares (except in respect of Shares held by exempt principal traders or exempt fund managers, in each case recognised by the Executive as such for the purposes of the Takeovers Code and also excluding Shares held on behalf of

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non-discretionary investment clients of the CITIC Securities (Hong Kong) group). Nor were there any borrowing or lending of, or dealing in, Shares (or options, rights over Shares, warrants or derivatives in respect of them) by any members of the CITIC Securities (Hong Kong) group during the Relevant Period (except in respect of Shares held by exempt principal traders or exempt fund managers, in each case recognised by the Executive for such purposes of the Takeovers Code and also excluding the Shares held on behalf of non-discretionary investment clients of the CITIC Securities (Hong Kong) group). Notwithstanding that connected exempt principal traders within the CITIC Securities (Hong Kong) group are not acting in concert with the Joint Offerors, Shares held by any such connected exempt principal traders must not be assented to the Partial Offer until the Partial Offer becomes or is declared unconditional as to acceptances in accordance with the requirements of Rule 35.3 of the Takeovers Code, and must not approve the Partial Offer in accordance with the requirements of Rule 35.4 of the Takeovers Code, unless (i) the relevant connected exempt principal trader holds the Shares as a simple custodian for and on behalf of non-discretionary clients, and (ii) there are contractual arrangements in place between the relevant connected exempt principal trader and its clients that strictly prohibit the relevant connected exempt principal trader from exercising any voting discretion over the relevant Shares, and all voting instructions shall originate from the client only, and if no instructions are given, then no approval of the Partial Offer shall be signified for the relevant Shares held by the relevant connected exempt principal trader. For this purpose, a written confirmation of the matters set out in points (i) and (ii) above and whether the relevant underlying clients are entitled to vote in the context of the Partial Offer will be submitted to the Executive prior to the acceptance and approval of the Partial Offer in respect of the relevant Shares held by the relevant connected exempt principal trader.

12. On the assumption that all Shares tendered for acceptance under the Partial Offer are from Other Shareholders (as listed in the table above).

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 are 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 remain unvested, among which 5,425,000, 2,675,000, 2,675,000, 2,675,000, 217,000 and 217,000 award Shares which remain 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.

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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.

As illustrated in table above, even if the Maximum Number of Offer Shares were acquired by the Joint Offerors, over 25% of the issued Shares will still be held by public Shareholders and accordingly the Company will comply with the public float requirement under Rule 8.08 of the Listing Rules after completion of the Partial Offer.

9. Valuation of the property interests and adjusted NAV

(a) Property interests

The financial positions of the Group as at 30 June 2022 is set out in the section headed “Principal factors and reasons considered – 4. Historical financial results of the Group” of this letter above. As discussed in the aforesaid section, NAV attributable to equity holders of the Company amounted to approximately RMB5,662.7 million as at 30 June 2022, and a major portion of the assets of the Group were properties interest owned by the Group.

Cushman & Wakefield, an independent property valuer, has prepared an independent valuation of the property interests of the Group as 30 November 2022 (the “Valuation Date”). Full details of the valuation are set out in Appendix IV to the Composite Document. The market values of the Group’s property interests are summarised as follows:

	Market value of the property interests in existing state attributable to the Group as at the Valuation Date
	<i>RMB'000</i>
Group I – Property interests held for investment in the PRC	203,000
Group II – Property interests held for owner-occupation in the PRC	2,388,436
Group III – Property interests held for owner occupation in Thailand	<u>537,552</u>
Total	<u><u>3,128,988</u></u>

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We have reviewed the valuation as contained in Appendix IV to the Composite Document, and have discussed with Cushman & Wakefield on (i) bases and assumptions used; (ii) valuation methodology adopted; and (iii) due diligence work performed. We noted that Cushman & Wakefield has used various valuation methodologies for arriving at valuations of the property interests including (i) income capitalisation method, pursuant to which the value of an asset is arrived on the basis of capitalisation of rental incomes derived from the existing tenancies with due allowance for reversionary potential of each of the properties or by reference to comparable market transactions; and (ii) depreciated replacement cost method (DRC Method), pursuant to which the value of an asset is based on an estimate of the market value of the land in its existing use, plus the current cost of replacement of the improvements, less allowance for physical deterioration and all relevant forms of obsolescence and optimisation. We have discussed the overall approach to the property valuation and queried the selection of relevant valuation methodologies for the property interests. We concur with the valuation approaches Cushman & Wakefield has taken in valuing the different types of properties.

(b) Adjusted NAV

As part of our assessment of the Offer Price, we have compared the Offer Price with the NAV of the Group based on the consolidated NAV of the Group as at 30 June 2022, adjusted as follows (the “Adjusted NAV”):

	<i>RMB'000</i>
Consolidated NAV of the Group attributable to owners of the Company as at 30 June 2022	5,662,652
Adjustments:	
– Net revaluation surplus arising from the valuation of property interests attributable to the Group as at the Valuation Date (<i>Note 1</i>)	208,296
– Net tax as a result of the revaluation surplus on the property interest (<i>Note 2</i>)	(45,706)
Adjusted NAV	5,825,242
Adjusted NAV per Share (<i>Notes 3 & 4</i>)	RMB3.50
	(equivalent to approximately HK\$4.09)

Notes:

1. The net revaluation surplus represents the difference between the market value of the property interests attributable to the Group as valued by Cushman & Wakefield of approximately RMB3,129.0 million in aggregate as at the Valuation Date and their corresponding book values of approximately RMB2,920.7 million as at 30 November 2022.
2. As advised by the Management, this represents the applicable tax attributable to the revaluation surplus on the property interests of the Group.
3. Amount in HK\$ is calculated at an exchange rate of HK\$1: RMB0.85519 (being the exchange rate as quoted by the People’s Bank of China as at 30 June 2022) for illustrative purpose.

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4. Calculated based on 1,662,445,199 Shares in issue as at the Latest Practicable Date

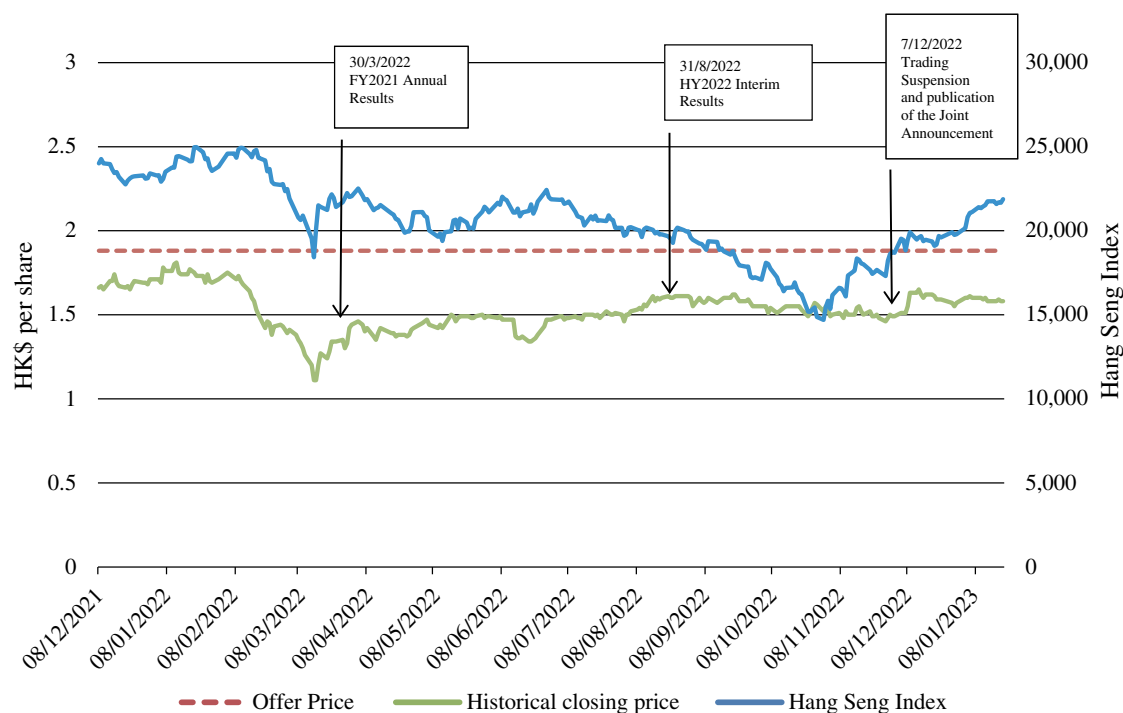
For the relevance of the NAV per Share and Adjusted NAV per Share to our assessment on the Offer Price, please refer to our analysis in the section headed “10. Evaluation of the Offer Price – Comparison of Offer Price against NAV per Share and Adjusted NAV per Share” below.

10. Evaluation of the Offer Price

Comparison of the Offer Price against historical Share prices

Historical price trend of the Shares

The chart below depicts the closing price of the Shares traded on the Stock Exchange from 8 December 2021, being the date falling one year preceding the date of the Joint Announcement, up to and including the Latest Practicable Date (the “**Review Period**”). We consider the Review Period is appropriate for our analysis of the historical Share price performance as it covers a sufficiently long period reflecting the financial results announced by the Company from time to time as well as smoothing out the distortions which may have been caused by short term volatility in the overall stock market.



Source: Bloomberg

As shown in the chart above, the closing price of the Shares remained relatively stable at about HK\$1.7 from 8 December 2021 to 10 February 2022. Since then, the closing price of the Shares gradually dropped and reached its bottom at HK\$1.1 on 15 March 2022 and 16 March 2022, which is

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generally in line with the declining trend of the Hang Seng Index during the period. The closing price of the Shares gradually rebounded in late-March 2022 and April 2022 and remained relatively stable at approximately HK\$1.5 from May 2022 to 6 December 2022, being the Last Trading Day. No material fluctuations in the closing price of the Share were noted following the annual results announcement for FY2021 published by the Company on 30 March 2022 and the interim results announcement for HY2022 published by the Company on 31 August 2022, reflecting that the financial results of the Company may not have any material impact on its Share price.

Trading in the Shares was suspended on 7 December 2022 pending the publication of the Joint Announcement (the “**Trading Suspension**”). The closing price of the Shares was HK\$1.55 on 8 December 2022, being the first trading day immediately following publication of the Joint Announcement, representing only a slight increase of about 2.6% as compared to the closing price of HK\$1.51 on the Last Trading Day. Since then, the closing price of the Shares remained within the range of HK\$1.55 to HK\$1.65 and closed at HK\$1.59 as at the Latest Practicable Date.

In our opinion, the increase in the closing price of the Shares following the publication of the Joint Announcement was likely to be associated with the market response to the Partial Offer. There is no assurance that the closing price of the Shares will remain at the current level or continue to rise if the Partial Offer closes, lapses or does not become unconditional for any reason.

In summary, the Offer Price of HK\$1.88 per Offer Share represents:

- (i) a premium of approximately 24.50% over the closing price of HK\$1.51 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 25.33% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 5 consecutive trading days up to and including the Last Trading Day;
- (iii) a premium of approximately 26.09% over of the closing prices of the Shares as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day;
- (iv) a premium of approximately 24.50% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Day; and
- (v) a premium of approximately 18.24% over the average of the closing prices of the Shares as quoted on the Stock Exchange as at the Latest Practicable Date.

The Offer Price represents a premium of 24.50% over the closing Share price of HK\$1.51 on the Last Trading Day. During the Review Period, the closing price of the Shares ranged between HK\$1.11 and HK\$1.81 and the average closing price of the Shares was approximately HK\$1.53. As shown in the chart above, the closing price of the Shares was consistently below the Offer Price throughout the

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whole Review Period. The Offer Price represents premia of approximately 69.4%, 3.9% and 22.9% over the lowest closing price, the highest closing price and the average closing price of the Shares during the Review Period respectively.

Qualifying Shareholders, especially those with significant stakes, should note that if they wish to realize their investments in the Company they might not be able to dispose of the Shares in the market without exerting a downward pressure on the market price of the Shares taking into account the thin liquidity of the Shares as analysed below. The Partial Offer, if it becomes unconditional, provides an opportunity for the Qualifying Shareholders to dispose of some or all of their holdings at a price higher than the closing Share prices during the Review Period. As the Partial Offer is made in respect of a maximum of approximately 4.81% of the total issued Shares, where valid acceptances are received for more than the Maximum Number of Offer Shares as at the Final Closing Date, it is possible that, if a Qualifying Shareholder tenders all his/her/its Shares for acceptance under the Partial Offer, not all of such Shares will be taken up and such Qualifying Shareholder may retain some or most of his/her/its shareholding.

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Liquidity of the Shares

The following table sets out the trading volume of the Shares during the Review Period:

	Number of trading days in the relevant month/period	Total trading volume for the month/period <i>(Note 1)</i>	Average daily trading volume for the month/period <i>(Note 2)</i>	Percentage of average daily trading volume to the total issued Shares as at the end of each month/period <i>(Note 3)</i>	Percentage of average daily trading volume to the total number of Shares held by public Shareholders as at the end of each month/period <i>(Note 4)</i>
2021					
December	22	16,673,188	757,872	0.0456%	0.0838%
2022					
January	21	18,061,375	860,065	0.0517%	0.0951%
February	17	64,713,709	3,806,689	0.2290%	0.4209%
March	23	86,338,812	3,753,861	0.2258%	0.4151%
April	18	24,298,169	1,349,898	0.0812%	0.1493%
May	20	12,175,624	608,781	0.0366%	0.0673%
June	21	22,750,446	1,083,355	0.0652%	0.1198%
July	20	19,100,045	955,002	0.0574%	0.1056%
August	23	17,561,895	763,561	0.0459%	0.0844%
September	21	19,432,869	925,375	0.0557%	0.1023%
October	20	13,266,357	663,318	0.0399%	0.0734%
November	22	13,113,908	596,087	0.0359%	0.0659%
December	19	14,242,290	749,594	0.0451%	0.0829%
2023					
From 1 January to the Latest Practicable Date	14	6,709,053	479,218	0.0288%	0.0530%
Average				0.0746%	0.14%

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Notes:

1. Total trading volume is expressed in terms of number of Shares traded.
2. Average daily trading volume is calculated by dividing the total trading volume for the month/period by the number of trading days during the month/period excluding any trading days on which trading of the Shares on the Stock Exchange was suspended for the whole trading day.
3. Based on 1,662,445,199 Shares in issue as at the end of each month/period or at the Latest Practicable Date.
4. The total number of Shares held by the public is calculated based on the number of total issued Shares excluding those held by the Joint Offerors and parties acting in concert with them as at the Latest Practicable Date.

As illustrated above, the average daily trading volume of the Shares ranged from 479,218 Shares to 3,806,689 Shares, representing approximately 0.0288% to 0.2290% of the total number of Shares in issue as at the end of the respective month/period, and approximately 0.0530% to 0.4209% of the total number of Shares held by public Shareholders as at the end of the respective month/period. We are of the view that the liquidity of the Shares during the Review Period had been thin.

Comparison of Offer Price against NAV per Share and Adjusted NAV per Share

The Offer Price represents:

- (i) a discount of approximately 43.1% to the audited consolidated NAV of approximately HK\$4.19 per Share as at 31 December 2021, calculated based on the audited consolidated NAV of RMB5,699.9 million as adjusted by the FY2021 Final Dividend (based on the exchange rate of HK\$1: RMB0.81760, the central parity rate published by the People's Bank of China on its website as at 31 December 2021 for illustrative purposes) as at 31 December 2021 and 1,622,445,199 Shares as at the Latest Practicable Date;
- (ii) a discount of approximately 52.80% to the unaudited consolidated NAV of approximately HK\$3.98 per Share as at 30 June 2022, calculated based on the unaudited consolidated NAV of RMB5,662.7 (based on the exchange rate of HK\$1: RMB0.85519, the central parity rate published by the People's Bank of China on its website as at 30 June 2022 for illustrative purposes) as at 30 June 2022 and 1,622,445,199 Shares in issue as at the Latest Practicable Date; and
- (iii) a discount of approximately 54.03% to the Adjusted NAV per Share as at 30 June 2022.

In assessing the Offer Price against the NAV per Share, we have also considered the historical trading price vis-à-vis NAV – we note that the Shares had been consistently traded at discounts to the NAV per Share for a prolonged period of time. In particular, the discounts to NAV per Share at which the Shares were traded during the periods indicated below show that the trading price of the Shares does not have correlation to the change in the NAV:

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Year/period end	NAV per Share <i>(Notes 1 and 5)</i> <i>(RMB)</i>	Average closing Share price <i>(Note 2)</i> <i>(HK\$)</i>	Discount to NAV per Share <i>(Note 3)</i>
31 December 2019	3.68 (equivalent to approximately HK\$4.11)	1.69	58.9%
30 June 2020	3.63 (equivalent to approximately HK\$3.97)	2.05	48.3%
31 December 2020	3.52 (equivalent to approximately HK\$4.18)	1.91	54.2%
30 June 2021	3.50 (equivalent to approximately HK\$4.21)	1.66	60.6%
31 December 2021	3.43 (equivalent to approximately HK\$4.19)	1.47	64.8%
30 June 2022	3.41 (equivalent to approximately HK\$3.98)	1.54 <i>(Note 4)</i>	61.3%

Source: The website of the Stock Exchange; annual and interim reports of the Company

Notes:

1. Being the audited/unaudited consolidated NAV as at the respective year/period end date as extracted from the respective annual/interim results announcement published by the Company.
2. Representing the average closing Share price during the period from the trading day following the publication by the Company of its audited annual results or unaudited interim results (as the case may be) to the trading day on which the subsequent unaudited interim results or audited annual results (as the case may be) were published.
3. Representing the discount of the average closing Share price to the NAV per Share as at the respective year/period end date.
4. Representing the average closing Share price during the period from 1 September 2022, being the trading day following the publication by the Company of its unaudited 2020 interim results, to the Last Trading Day.

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5. For illustrative purpose, using the exchange rate of the central parity rate published by the People's Bank of China on its website as at:

31 December 2019: HK\$1 = RMB0.89578

30 June 2020: HK\$1 = RMB0.91344

31 December 2020: HK\$1 = RMB0.84164

30 June 2021: HK\$1 = RMB0.83208

31 December 2021: HK\$1 = RMB0.81760

30 June 2022: HK\$1 = RMB0.85519

We noted that the Offer Price represented a discount of approximately 52.80% to the NAV per Share as at 30 June 2022 and approximately 54.03% to the Adjusted NAV per Share as at 30 June 2022. We also noted that the Joint Offerors intended to continue the existing businesses of the Group. Given that over 40% of the consolidated total assets as at 30 June 2022 were non-current assets which mainly consisted of property, plant and equipment and right-of-use assets for the Group's operation, and were not readily realisable into cash. Taking into account the above, we consider that the NAV per Share or the Adjusted NAV per Share does not fairly represent the value that the Company may actually distribute or return to the Shareholders while the Company will continue to operate on a going concern basis. In particular, the Shares had not been traded at a price level close to or above the NAV per Share for a prolonged period of time which implies that the market might not have valued the Shares solely with reference to the NAV per Share and Qualifying Shareholders may not be able to realise their investments in the Shares through an on-market transaction at a price equal or similar to the NAV per Share. Accordingly, in assessing the Offer Price, it would only be appropriate to consider the discount represented by the Offer Price to the NAV per Share or the Adjusted NAV per Share, in conjunction with other factors including but not limited to the financial performance and business prospects of the Group and more particularly, the comparison of the Offer Price to the historical and prevailing Share prices, which are more relevant from the perspective of Qualifying Shareholders in considering the return from their investments in the Shares.

Comparison against comparable companies

As mentioned in the sub-section headed "2. Principal businesses of the Group" above of this letter, the Group is principally engaged in manufacture and trading of radial tire cords, bead wires and other tires. Based on the closing Share price of HK\$1.51 and the number of issued Shares of 1,662,445,199 Shares on the Last Trading Day, the market capitalisation of the Company was approximately HK\$2,510.3 million. Accordingly, we have conducted a search on Bloomberg for companies primarily listed on the Main Board of the Stock Exchange which, based on their latest published annual reports available as at the date immediately before the Latest Practicable Date, are principally engaged in, among other things, manufacture and trading of radial tire cords or other tire cords. We have only identified one comparable company (the "**Comparable Company**"), namely Shougang Century Holdings Limited (stock code: 103.HK), which is exhaustive based on the above criteria.

For the selection of the valuation multiples, we have considered the price-to-earnings ratio ("**P/E Ratio**") and price-to-book ratio ("**P/B Ratio**") of the Comparable Company based on the financial information as disclosed in its latest published annual results announcement or annual report. We did

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not consider using the price-to-sales ratio (“**P/S Ratio**”) as a benchmark because the P/S Ratio is mainly used to value non-profitable companies. As the Group and the Comparable Company are profitable, we considered the P/S Ratio to be an inappropriate metric for comparison purposes.

The table below sets out the comparison of historical P/E Ratios and P/B Ratios of the Company and the Comparable Company. We have also set out in the table below the implied P/E Ratios and implied P/B Ratios of the Partial Offer based on the Offer Price.

Company name (stock code)	Principal activities	Market capitalisation <i>(HK\$'000)</i> <i>(Note 1)</i>	P/E Ratio <i>(approximate times)</i> <i>(Note 2)</i>	P/B Ratio <i>(approximate times)</i> <i>(Note 3)</i>
Shougang Century Holdings Limited (stock code: 103)	The company together with its subsidiaries are principally engaged in the manufacturing of steel cords.	449,475	5.56	0.26
		Implied market capitalisation <i>(HK\$'000)</i> <i>(Note 4)</i>	Implied P/E Ratio <i>(approximate times)</i> <i>(Note 5)</i>	Implied P/B Ratio <i>(approximate times)</i> <i>(Note 6)</i>
The Company		3,125,397	11.68	0.47

Notes:

1. The market capitalisation is calculated as the closing price of the shares of the Comparable Company as at the Latest Practicable Date multiplied by its number of issued shares as at the Latest Practicable Date.
2. The P/E Ratio is calculated based on the market capitalisation as described in Note 1 above divided by the latest net profit attributable to the shareholders of the Comparable Company reported in its latest annual report.
3. The P/B Ratio is calculated based on the market capitalisation as described in Note 1 above divided by the net assets value attributable to the shareholders of the Comparable Company reported in its latest interim report.
4. The implied market capitalisation of the Company is calculated as the Offer Price multiplied by the number of issued Shares as at the Latest Practicable Date.
5. The implied P/E Ratio is calculated as the implied market capitalisation as described in Note 4 above divided by the profits attributable to the Shareholders as extracted from the 2021 Annual Report (based on the exchange rate of HK\$1: RMB0.81760, the central parity rate published by the People’s Bank of China on its website as at 31 December 2021, for illustrative purposes).
6. The implied P/B Ratio is calculated as the implied market capitalisation as described in Note 4 above divided by the net assets value attributable to the Shareholders as at 30 June 2022 as extracted from the 2022 Interim Report (based on the exchange rate of HK\$1: RMB0.85519, the central parity rate published by the People’s Bank of China on its website as at 30 December 2022, for illustrative purposes).

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Shareholders are reminded that, as there is only one comparable company identified, the above analysis may not be meaningful due to the small sample size. Therefore, the above analysis should not be a factor in considering the fairness and reasonableness of the terms of the Partial Offer and is included for illustrative purposes only.

Comparison against partial offer precedents

We have compared the Partial Offer with other partial cash offer precedents in Hong Kong identified from the website of the Stock Exchange. We have identified all partial cash offer proposals announced since 1 January 2018 up to and including the Latest Practicable Date involving Hong Kong listed companies (the “**Precedents**”). Based on such criteria, we have identified six Precedents and the list of the Precedents as set out in the table below is exhaustive. We are of the view that the basis of the review period of approximately five years is fair and reasonable, as the Precedents have covered the most recent transactions which could reflect the market practice in relation to partial cash offers which are similar to the Partial Offer, and the sample size identified under such basis is sufficient to provide meaningful analysis. Shareholders should note that these Precedents involved companies in different industries and with different underlying reasons for their respective partial offers.

Announcement date	Stock code	Company name	Principal activities	Last trading day	Premium of offer price over the closing share price/ the average closing share price prior to the partial offer proposal			Premium/Discount of offer price over/to the consolidated NAV per Share prior to the partial offer announcement	Implied P/E Ratio (approximate times) (Note 1)
					5-day average	10-day average	30-day average		
12 December 2022	6669.HK	Acotec Scientific Holdings Limited	Primarily engaged in research and development of vascular interventional medical devices.	31.6%	39.4%	58.3%	99.4%	336.9%	N/A (Note 2)
10 February 2021	0636.HK	Kerry Logistics Network Limited	Provision of logistics, freight and warehouse leasing and operations services.	19.8%	0.7%	7.8%	12.6%	39.1%	8.97
6 August 2020	0008.HK	PCCW Limited	Provision of telecommunications and related services.	15.8%	17.6%	18.1%	17.9%	207.7%	59.02
26 September 2019	0149.HK	China Agri-Products Exchange Limited	Primarily engaged in the business of management and sales of properties in agricultural produce exchange markets in the PRC.	44.4%	42.2%	37.9%	65.5%	(25.4%)	N/A (Note 2)
20 December 2018	1200.HK	Mitland Holdings Limited	Provision of property agency services in Hong Kong, Macau and the PRC.	28.2%	29.5%	27.1%	27.5%	(8.5%)	7.42
9 April 2018	2686.HK	AAG Energy Holdings Limited	Coalbed methane exploration and development sector in the PRC.	15.1%	26.4%	28.8%	31.0%	(1.4%)	25.63 (Note 3)
			Min	15.1%	0.7%	7.8%	12.6%	(25.4%)	7.42
			Max	44.4%	42.2%	37.9%	65.5%	207.7%	59.02
			Average	25.8%	26.0%	29.7%	42.3%	94.7%	25.26
		The Company		24.5%	25.3%	26.1%	24.5%	(3.8%)	11.68

Notes:

- The implied P/E Ratio is calculated based on the implied market capitalisation (calculated as the offer price for the shares of the company multiplied by its number of issued shares as at the announcement date) divided by the latest net profit attributable to the shareholders of the company as reported in its then latest annual report.

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2. These companies recorded losses attributable to shareholders as reported in their then latest annual report.
3. The implied P/E Ratio is calculated according to Note 1 above. As the latest net profit attributable to shareholders of the company is reported in RMB in its latest annual report as at the announcement date, its HK\$ equivalent was calculated, for illustrative purposes, using the exchange rate of the central parity rate published by the People's Bank of China on its website as at 9 April 2018, i.e. HK\$1 = RMB0.80414.

The premiums of the Precedents represented by the Offer Price over the closing share price on the last trading day and the 5-day, 10-day and 30-day average closing share prices (up to and including the last trading day prior to such partial offer proposal) range from approximately 15.1% to 44.4%, 0.7% to 42.2%, 7.8% to 37.9% and 12.6% to 65.5% (collectively, the “**Premium Market Ranges**”), with averages of approximately 25.8%, 26.0%, 29.7% and 42.3% respectively. The premium of the Offer Price is approximately 24.5%, 25.3%, 26.1% and 24.5% over the closing price of Shares on the Last Trading Day, and its 5-day, 10-day and 30-day average closing prices (up to and including the Last Trading Day) respectively, which (i) fall within the Premium Market Ranges; and (ii) are close to the average premiums of the Precedents. The premium over the prevailing share prices as represented by the offer price is a factor common to all the Precedents and in our opinion is generally the key consideration for shareholders in such proposals.

The premiums and discount of the Precedents represented by the offer price to their respective NAV per Share ranged from a discount of approximately 25.4% to a premium of 207.7% while two (2) out of the six (6) Precedents are trading at discount to their respective NAV per Share. The Offer Price represents a discount to the NAV per Share as at 30 June 2022 of approximately 52.8% and a discount of approximately 54.03% to the Adjusted NAV as at 30 June 2022. We consider that the NAV per Share is a reference for the value of the Shares if the Company were put under liquidation in a non-distressed state and assuming willing buyers of assets at the stated value. It does not represent a cash value per Share. In addition, as discussed in the paragraph headed “Comparison of Offer Price against NAV per Share and Adjusted NAV per Share” under the sub-section headed “10. Evaluation of the Offer Price”, we noted that (i) the Shares had been consistently traded at discounts to the NAV per Share for at least the past three years, (ii) the Joint Offerors intended to continue the existing businesses of the Group; and (iii) over 40% of the consolidated total assets as at 30 June 2022 were non-current assets which mainly consisted of property, plant and equipment and right-of-use assets for the Group's operation, and were not readily realisable into cash. In light of this, we are of the view that it would not be appropriate to solely assess the fairness and reasonableness of the Offer Price based on comparison of the Offer Price with the NAV per Share as at 30 June 2022 and the Adjusted NAV per Share as at 30 June 2022. We are of the view more weight should be placed on the comparison of the Offer Price with the historical and prevailing Share prices in the assessment of the fairness and reasonableness of the Offer Price as we consider the trading price of the Shares determined under an open market is considered to be a fair price.

The implied P/E multiples of the Offer Price is 11.68 which falls within the range of the Precedents of 7.42 to 59.02. However, given (i) the implied P/E multiples of companies tend to vary from industry to industry; and (ii) the Precedents are engaged in various business activities which are substantially different from that of the Company, we consider it would not be meaningful to compare the Precedents with the Company with reference to the implied P/E multiples.

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CONCLUSION AND RECOMMENDATION

Having considered the principal factors and reasons as discussed above, in particular,

- (i) the Offer Price exceeds the historical closing prices of the Shares throughout Review Period. It also represented significant premium over the prevailing market price of the Shares – 24.50% over the closing price of the Shares as at the Last Trading Day, and 25.33%, 26.09% and 24.50% over the average closing price of the Shares during the last 5, 10 and 30 trading days prior to and including the Last Trading Day;
- (ii) the Offer Price fall within the Premium Market Ranges and are close to the average premiums of the Precedents over the closing price of the Shares as at the Last Trading Day and for the last 5, 10 and 30 trading days prior to and including the Last Trading Day;
- (iii) the liquidity of the Shares is thin, with average trading volume representing less than 0.2290% and 0.4290% of the total issued share capital and public float of the Shares respectively during the Review Period. Such low liquidity renders it difficult for Qualifying Shareholders to dispose of their Shares in the market without exerting downward pressure on the Share price;
- (iv) despite the Offer Price represents a discount to the NAV per Share and Adjusted NAV per Share, it is noted that (i) the Shares had been consistently traded at discounts to the NAV per Share for at least past three years, (ii) the Joint Offerors intended to continue the existing businesses of the Group; and (iii) over 40% of the consolidated total assets as at 30 June 2022 were non-current assets which mainly consisted of property, plant and equipment and right-of-use assets for the Group's operation, and were not readily realisable into cash. We are of the view that it would not be appropriate to solely assess the fairness and reasonableness of the Offer Price based on comparison of the Offer Price to the NAV per Share as at 30 June 2022 and the Adjusted NAV per Share as at 30 June 2022;
- (v) despite the businesses of the Group had been profitable in the past and the Joint Offerors intend to continue the existing business, there are challenges and uncertainties lying ahead of the Group as discussed in the paragraph headed "6. Prospects of the business of the Group" under the section headed "Principal factors and reasons considered"; and
- (vi) the Company's consistent historical dividend payout in recent years may be attractive for Shareholders seeking returns in the form of dividends, however, there is no fixed dividend policy and the declaration and the payout of dividend would depend on the Company's financial results for and financial position as at the end of the relevant year,

on balance, we consider the Partial Offer is fair and reasonable so far as the Qualifying Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend the Qualifying Shareholders to approve and accept the Partial Offer. However, the Qualifying Shareholders who are attracted to the future of the Company and the historical dividend payout record may consider retaining some or all of their Offer Shares.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Qualifying Shareholders should note that acceptance of the Partial Offer may result in their holding odd lots of Shares. Accordingly, the Odd Lot Traders has been appointed as the designated agent to match sales and purchases of odd lot holdings of Shares in the market for a period of six weeks following the close of the Partial Offer to enable such Qualifying Shareholders to dispose of their odd lots or to top up their odd lots to whole board lots. Details of such arrangement are set out in the letter from CLSA Limited in the Composite Document.

Yours faithfully,
for and on behalf of
OPTIMA CAPITAL LIMITED
Ng Ka Po
Managing Director
Corporate Finance

Mr. Ng is a responsible officer of Optima Capital Limited and a licensed person registered with the SFC to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO. Mr. Ng has participated in the provision of independent financial advisory services for various transactions involving companies listed on the Stock Exchange.

1. PROCEDURES FOR APPROVAL AND ACCEPTANCE OF THE PARTIAL OFFER

To accept the Partial Offer, you should complete and sign the Form of Approval and Acceptance in accordance with the instructions printed thereon, which form part of the terms and conditions of the Partial Offer.

The Partial Offer

- (a) The maximum of 80,000,000 Offer Shares to be purchased by the Joint Offerors from the Qualifying Shareholder represented approximately 7.76% of the total number of Shares held by the Qualifying Shareholders as at the Latest Practicable Date, being 1,030,835,742 Shares. Qualifying Shareholders may accept the Partial Offer in respect of some or all of the Shares held by them. Subject to the Partial Offer becoming unconditional in all respects: (i) if valid acceptances are received for not less than the Minimum Number of Offer Shares, but not more than the Maximum Number of Offer Shares as at the Final Closing Date, all Offer Shares validly accepted will be taken up; and (ii) if valid acceptances are received for more than the Maximum Number of Offer Shares as at the Final Closing Date, the total number of Offer Shares to be taken up by the Joint Offerors from each accepting Qualifying Shareholder will be determined by the total number of Offer Shares tendered for acceptance in accordance with the following formula:

$$\frac{A}{B} \times C$$

A = the Maximum Number of Offer Shares as at the Final Closing Date, being the maximum number of Offer Shares for which the Partial Offer is made

B = the total number of Offer Shares validly tendered by all Qualifying Shareholders under the Partial Offer

C = the number of Offer Shares tendered by the relevant individual Qualifying Shareholder under the Partial Offer

- (b) Whether or not the Qualifying Shareholders accept the Partial Offer, they (other than parties acting in concert with the Joint Offerors and the Trustee) may approve the Partial Offer and specify the number of Shares in respect of which they signify their approval of the Partial Offer on the Form of Approval and Acceptance. Each Share, fully paid up, shall be entitled to one vote only. For the avoidance of doubt, multiple votes in respect of the same Share will not be taken into account in counting the approval of the Partial Offer. Only one Form of Approval and Acceptance will be accepted from each Qualifying Shareholder by the Joint Offerors and only one vote for each Share may be cast. If a Qualifying Shareholder has put a tick “✓” to indicate such Qualifying Shareholder’s approval of the Partial Offer on the Form of Approval and Acceptance but no number of Shares in respect of such approval is specified or any other information in Box A of the Form of Approval and Acceptance is missing, incomplete or erroneous, the approval of the Partial Offer by such Qualifying Shareholder will not be

considered as valid until the number of Shares in respect of such approval is specified and/or such missing, incomplete or erroneous information has been completed and rectified in such Form of Approval and Acceptance. Qualifying Shareholders may vote in respect of the total number of Shares held by him/her/it even though he/she/it does not intend to accept the Partial Offer and/or the number of Shares voted may be more than the number of Shares tendered for acceptance. Irrespective of the above, Qualifying Shareholders may specify the number of Shares in respect of which they tender for acceptance of the Partial Offer. If no number of Shares in respect of such acceptance is specified or any other information in Box B of the Form of Approval and Acceptance is missing, incomplete or erroneous, the acceptance of the Partial Offer by such Shareholder will not be considered as valid until the number of Shares in respect of such acceptance is specified and/or such missing, incomplete or erroneous information has been completed and rectified in such Form of Approval and Acceptance.

- (c) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Partial Offer in respect of your Shares, you must send the Form of Approval and Acceptance duly completed and signed together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar, namely Boardroom Share Registrars (HK) Ltd., at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, by post or by hand, in an envelope marked “**Xingda International Holdings Limited – Partial Offer**”, as soon as possible and in any event no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Joint Offerors may determine and announce with the consent of the Executive and in accordance with the Takeovers Code.
- (d) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Partial Offer in respect of some or all of your Shares, you must either:
 - a. lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the Partial Offer on your behalf and requesting it to deliver in an envelope marked “**Xingda International Holdings Limited – Partial Offer**” the duly completed and signed Form of Approval and Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or
 - b. arrange for the Shares to be registered in your name by the Company through the Registrar, and deliver in an envelope marked “**Xingda International Holdings Limited – Partial Offer**” the duly completed and signed Form of Approval and Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), to the Registrar; or

- c. if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Partial Offer on your behalf on or before the deadline set out by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or
 - d. if your Shares have been lodged with your investor participant stock account with CCASS, authorise your instruction via the CCASS phone system or CCASS internet system no later than the deadline set by HKSCC Nominees Limited.
- (e) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Partial Offer in respect of your Shares, you should nevertheless complete and sign the Form of Approval and Acceptance and deliver it in an envelope marked “**Xingda International Holdings Limited – Partial Offer**” to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable instruction and authority to the Joint Offerors and/or CLSA Limited and/or the Registrar or their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such share certificate(s) to the Registrar and to authorise and instruct the Registrar to collect and hold such share certificate(s), subject to the terms and conditions of the Partial Offer, as if it was/they were delivered to the Registrar with the Form of Approval and Acceptance.
- (f) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available or is/are lost, as the case may be, and you wish to accept the Partial Offer in respect of your Shares, you should nevertheless complete and sign the Form of Approval and Acceptance and deliver it in an envelope marked “**Xingda International Holdings Limited – Partial Offer**” to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares or that it is/they are not readily available. If you find such document(s) or if it/they become(s) available, the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares should be forwarded to the Registrar as soon as possible thereafter. If you have lost your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), you should report the loss to the Registrar and request the Registrar to replace your share certificate(s). You should also write to the Registrar requesting a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.

- (g) Acceptance and approval of the Partial Offer will be treated as valid only if the duly completed and signed Form of Approval and Acceptance is received by the Registrar no later than 4:00 p.m. on the Closing Date (or such later time and/or date as the Joint Offerors may determine and announce with the consent of the Executive and in accordance with the Takeovers Code), and the Registrar has recorded that the Form of Approval and Acceptance and any relevant documents required under paragraph (h) below have been so received.
- (h) Acceptance of the Partial Offer may not be counted as valid unless the Form of Approval and Acceptance is duly completed and signed and is:
 - (i) accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if those share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) is/are not in your name, such other documents in order to establish your right to become the registered holder of the relevant Shares; or
 - (ii) from a registered Shareholder or his/her personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under another sub-paragraph of this paragraph (h)); or
 - (iii) certified by the Registrar or the Stock Exchange.
- (i) If the Form of Approval and Acceptance is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority to the satisfaction of the Registrar must be produced.
- (j) Unless the Partial Offer is extended or revised in accordance with the Takeovers Code, no Form of Approval and Acceptance received after the Final Closing Date will be accepted.
- (k) No acknowledgement of receipt of any Form of Approval and Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

Implication

As a result, it is possible that if a Qualifying Shareholder tenders all his/her/its Shares for acceptance under the Partial Offer, not all of such securities will be taken up. Qualifying Shareholders can, however, be assured that, in the event the Partial Offer becomes unconditional in all respects, a minimum of approximately 7.76% (*Note*) of the Shares (assuming there are no changes in the issued share capital of the Company after the Latest Practicable Date) tendered for acceptance by a particular Qualifying Shareholder under the Partial Offer will be taken up.

Note:

The maximum of 80,000,000 Offer Shares to be purchased by the Joint Offerors from the Qualifying Shareholder represented approximately 7.76% of the total number of Shares held by the Qualifying Shareholders as at the Latest Practicable Date, being 1,030,835,742 Shares.

Fractions of Shares will not be taken up under the Partial Offer and, accordingly, the number of Shares that the Joint Offerors will take up from each Qualifying Shareholder will be, at the discretion of the Joint Offerors, rounded up or down to the nearest whole number and rounded down to the nearest Hong Kong Dollars, respectively.

Return of documents

If the Partial Offer does not become, or is not declared, unconditional within the time permitted by the Takeovers Code, the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) received by the Registrar will be returned to the Qualifying Shareholders who have accepted the Partial Offer by ordinary post at the Qualifying Shareholders' own risk as soon as possible but in any event within ten (10) days after the Partial Offer has lapsed.

2. SETTLEMENT

- (a) Provided that the Partial Offer becomes or is declared unconditional and a valid Form of Approval and Acceptance and the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the relevant Shares as required by Note 1 to Rule 30.2 of the Takeovers Code are complete and in good order in all respects and have been received by the Registrar no later than 4:00 p.m. on Friday, 10 March 2023, being the Final Closing Date (assuming the Partial Offer becomes or is declared unconditional in all respects on the First Closing Date) or such later time and/or date as the Joint Offerors may decide and announce and the Executive may approve, a cheque for the amount due to each of the Qualifying Shareholders who accept the Partial Offer less seller's ad valorem stamp duty in respect of the Offer Shares tendered by him/her/it and validly accepted under the Partial Offer (taking into account any scaling down of his/her/its acceptance), together with (where applicable) any share certificate(s) and/or any transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for Shares not taken up or share certificate(s) in respect of the balance of such Shares (taking account of any adjustment to his/her/its acceptance, stamp duty and the fees payable to the Registrar in respect of lost or unavailable share certificates) in accordance with the authority and provisions contained in the Form of Approval and Acceptance, will be despatched to such Qualifying Shareholder by ordinary post at his/her/its own risk as soon as possible but in any event within seven (7) Business Days following the Final Closing Date (assuming the Partial Offer becomes or is declared unconditional in all respects on the First Closing Date).

- (b) Settlement of the consideration to which any Qualifying Shareholder is entitled under the Partial Offer will be implemented in full in accordance with its terms (save in respect of the payment of the seller's ad valorem stamp duty) without regard to any lien, right of set-off, counterclaim or other analogous right to which the Joint Offerors may otherwise be, or claim to be, entitled against such Qualifying Shareholder.
- (c) No fraction of a cent will be payable and the amount of cash consideration payable to a Qualifying Shareholder who accepts the Partial Offer will be rounded up to the nearest cent.

3. ACCEPTANCE PERIOD AND REVISIONS

- (a) The Partial Offer is made on Friday, 27 January 2023, being the date of despatch of this Composite Document, and the date on which the Partial Offer is open for acceptance on and from this date until the Closing Date.
- (b) Unless the Partial Offer has previously been revised or extended with the consent of the Executive, to be valid, the Form of Approval and Acceptance should be received by the Registrar in accordance with the instructions printed thereon, by 4:00 p.m. on the Closing Date. The Partial Offer is conditional on (among other things) valid acceptances of the Partial Offer having been 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 by 4:00 p.m. (Hong Kong time) on the First Closing Date (or such later time(s) and/or date(s) as the Joint Offerors may decide and the Executive may approve). The Joint Offerors will make an announcement as and when the Partial Offer become or is declared unconditional (both as to acceptances and in all respects).
- (c) If the Partial Offer is extended, the Joint Offerors will issue an announcement in relation to any extension of the Partial Offer, which will state either the next closing date or, if the Partial Offer becomes or is declared unconditional (whether as to acceptance or in all respects), it should remain open for acceptance for not less than 14 days thereafter. Pursuant to Rule 28.4 of the Takeovers Code, if the Partial Offer has been declared unconditional as to acceptances on the First Closing Date, provided that approval of the Partial Offer pursuant to Rule 28.5 of the Takeovers Code as more particularly set out in condition (b) in the section headed "2. PRINCIPAL TERMS AND CONDITIONS OF THE PARTIAL OFFER - Conditions to the Partial Offer" in the letter from CLSA Limited in this Composite Document has also been obtained, the Joint Offerors cannot extend the Final Closing Date to a day beyond the 14th day after the First Closing Date. If, in the course of the Partial Offer, the Joint Offerors revise the terms of the Partial Offer, all Qualifying Shareholders, whether or not they have already accepted the relevant Partial Offer, will benefit under the revised terms. A revised offer must be kept open for at least 14 days following the date on which the revised offer document is posted.

- (d) If the Closing Date is extended, any reference in this Composite Document and in the Form of Approval and Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the subsequent closing date.

4. ANNOUNCEMENTS

- (a) The Joint Offerors must publish an announcement on the website of the Stock Exchange by 7:00 p.m. on the relevant Closing Date stating, among other things, the information required under Rule 19.1 and Note 7 to Rule 19 of the Takeovers Code. The announcement will include, among other things, whether the Partial Offer has been revised or extended or have expired, the results of the Partial Offer, as well as details of the way in which the pro-rata entitlement for each accepting Qualifying Shareholder was determined in compliance with Note 7 to Rule 19 of the Takeovers Code. The announcement will also state the total number of Offer Shares for which acceptances of the Partial Offer has been received in compliance with Note 2 to Rule 19 of the Takeovers Code.
- (b) The announcement will include details of any relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company which the Joint Offerors or parties acting in concert with them have borrowed or lent, save for any borrowed securities which have been either on-lent or sold.
- (c) The announcement will also specify the percentages of the relevant classes of issued share capital of the Company, the percentages of voting rights of the Company represented by these numbers of Shares and the percentages of votes cast to approve the Partial Offer. The announcement will also include the details of the way in which each acceptance Qualifying Shareholders' pro-rata entitlement was/is to be determined.
- (d) In computing the total number of Shares represented by acceptances, only valid acceptances that are complete and in good order, and which have been received by the Registrar no later than 4:00 p.m. on the Closing Date, being the latest time and date for acceptance of the Partial Offer, shall be included.
- (e) As required under the Takeovers Code, all announcements in respect of the Partial Offer will be made in accordance with the requirements of the Takeovers Code and the Listing Rules.

5. NOMINEE HOLDINGS

- (a) Shareholders should note that the Joint Offerors will regard the nominee company (including HKSCC Nominees Limited) as a single shareholder according to the Company's register of members.
- (b) To ensure equality of treatment of all Shareholders, those Qualifying Shareholders who hold Offer Shares as nominee on behalf of more than one beneficial owner should, as far as practicable, treat the holding of such beneficial owner separately. It is essential for the beneficial owners of the Offer Shares whose investments are registered in the names of

nominees to provide instructions to their nominees of their intentions with regard to the Partial Offer in the manner set out under paragraph (d) in the sub-section headed “The Partial Offer” in the section headed “1. PROCEDURES FOR APPROVAL AND ACCEPTANCE OF THE PARTIAL OFFER” above.

6. RIGHT OF WITHDRAWAL

- (a) The Partial Offer is conditional upon fulfilment of the Conditions. Acceptances of the Partial Offer tendered by the Qualifying Shareholders shall be irrevocable and cannot be withdrawn, except in compliance with Rule 17 of the Takeovers Code, which provides that an acceptor of the Partial Offer shall be entitled to withdraw his/her/its acceptance after 21 days from the First Closing Date if the Partial Offer has not by then become unconditional as to acceptances.
- (b) Furthermore, in the circumstances set out in Rule 19.2 of the Takeovers Code (namely, where the Joint Offerors are unable to comply with any of the requirements for making announcements relating to the results of the Partial Offer as described in the section headed “4. ANNOUNCEMENTS” above), the Executive may require that acceptors be granted a right of withdrawal, on terms acceptable to the Executive, until such requirements can be met.
- (c) In such case, when the Qualifying Shareholder(s) withdraw(s) his/her/its acceptance(s), the Joint Offerors shall, as soon as possible but in any event within ten (10) days thereof, return by ordinary post the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the relevant Form of Approval and Acceptance to the relevant Qualifying Shareholder(s) at his/her/its own risks.
- (d) Save as aforesaid, acceptances of the Partial Offer shall be irrevocable and not capable of being withdrawn.

7. REPRESENTATIONS AND WARRANTIES

That acceptance of the Partial Offer by any persons will be deemed to constitute a warranty by such persons to the Joint Offerors, CITIC Securities (Hong Kong) and CLSA Limited that he/she/it has full power and authority to tender, sell, assign and transfer all the Shares (together with all rights accruing or attaching thereto) specified in the Form of Approval and Acceptance, and that the Shares acquired under the Partial Offer are fully paid and sold by any such persons 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.

8. UNDERTAKINGS

That by executing the Form of Approval and Acceptance, each accepting Qualifying Shareholder:

- (a) accepts that the provisions of the Form of Approval and Acceptance and the other terms and conditions in this Composite Document are deemed to be incorporated into the terms and conditions of the Partial Offer;
- (b) undertakes to do all such acts and things and execute all such deeds and documents as may be necessary to carry into effect or to give legal effect to his/her/its acceptance of the Partial Offer, including, without limitation, to sell any Shares in respect of which he/she/it has accepted the Partial Offer 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;
- (c) authorises the Joint Offerors, CITIC Securities (Hong Kong), CLSA Limited and the Registrar, any director or officer of the Joint Offerors, CITIC Securities (Hong Kong), CLSA Limited and the Registrar, or such other person as any of them may direct, as such Qualifying Shareholder's agent to procure the despatch by post of the consideration to which he/she/it is entitled at his/her/its risk, in respect of the Partial Offer, to the address of the registered Qualifying Shareholder or the first-named of joint registered Qualifying Shareholders on the register of members of the Company or, if different, to the name and address of the person as specified on the Form of Approval and Acceptance; and
- (d) submits to the non-exclusive jurisdiction of the courts of Hong Kong in relation to all matters arising out of or in connection with the Partial Offer and the Form of Approval and Acceptance.

9. OVERSEAS SHAREHOLDERS

- (a) The Partial Offer will be made available to all the Qualifying Shareholders, including the Overseas Shareholders. The availability of the Partial Offer to any Overseas Shareholders may be affected by the applicable laws and regulations of their relevant jurisdictions of residence. Overseas Shareholders should observe any applicable legal and regulatory requirements and, where necessary, consult their own professional advisers. It is the responsibilities of the Overseas Shareholders who wish to accept the Partial Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Partial Offer (including but not limited to the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required or the compliance with other necessary formalities, regulatory and/or legal requirements and the payment of any transfer or other taxes and duties due by such Overseas Shareholders in respect of the acceptance of the Partial Offer in such jurisdictions).

- (b) Any acceptance of the Partial Offer by any Qualifying Shareholder will be deemed to constitute a representation and warranty from such persons to the Joint Offerors and its advisers that all local laws and regulatory requirements have been complied with and that the Partial Offer can be accepted by such holders lawfully under the laws and regulations of the relevant jurisdiction and such acceptance shall be valid and binding in accordance with all applicable laws and regulations. Qualifying Shareholders should consult their professional advisers if in doubt.

10. TAX IMPLICATIONS

Qualifying Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Partial Offer. None of the Joint Offerors, concert parties of the Joint Offerors, the Company, CLSA Limited, CITIC Securities (Hong Kong) and their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Partial Offer is in a position to advise the Qualifying Shareholders on their individual tax implication nor accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Partial Offer.

11. GENERAL

- (a) All communications, notices, the Form of Approval and Acceptance, share certificates, transfer receipts, other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Partial Offer to be delivered by or sent to or from the Qualifying Shareholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk. Such communications, notices, documents and remittances will be sent to the Qualifying Shareholders. None of the Joint Offerors, the Company, CLSA Limited, CITIC Securities (Hong Kong) and any of their respective directors nor the Registrar or any other person involved in the Partial Offer accepts any responsibility for any loss or delay in transmission or any other liabilities that may arise as a result thereof.
- (b) The provisions set out in the Form of Approval and Acceptance form part of the terms of the Partial Offer.
- (c) The accidental omission to despatch this Composite Document and/or Form of Approval and Acceptance or any of them to any person to whom the Partial Offer is made will not invalidate the Partial Offer in any way.
- (d) The Partial Offer is, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong.
- (e) Due execution of the Form of Approval and Acceptance will constitute an irrevocable authority to the Joint Offerors and/or CLSA Limited (or such person or persons as the Joint Offerors and/or CLSA Limited may direct) to complete, amend and execute any document on behalf of the person or persons accepting the Partial Offer and to do any other act that may be necessary

or expedient for the purposes of vesting in the Joint Offerors (or such person or persons as it may direct) the Offer Shares in respect of which such person or persons has accepted the Partial Offer.

- (f) References to the Partial Offer in this Composite Document and in the Form of Approval and Acceptance include any extension and/or revision thereof.
- (g) The English text of this Composite Document and the Form of Approval and Acceptance shall prevail over the Chinese text for the purpose of interpretation.
- (h) In making their decision, Qualifying Shareholders must rely on their own examination of the Joint Offerors, the Group and the terms of the Partial Offer, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Form of Approval and Acceptance, shall not be construed as any legal or business advice on the part of the Joint Offerors, the Company, CLSA Limited, CITIC Securities (Hong Kong), the Registrar or their respective professional advisers. Qualifying Shareholders should consult their own professional advisers for professional advice.

1. FINANCIAL INFORMATION OF THE GROUP

The following is a summary of the financial results of the Group for each of the three years ended 31 December 2019 (restated), 2020 and 2021 and the six months ended 30 June 2021 and 2022, which is extracted from the annual reports of the Company for each of the years ended 31 December 2020 and 2021 and the interim report of the Company for the six months ended 30 June 2022.

	For the year ended 31 December			For the six months ended	For the six months ended
	2019 <i>RMB in million</i> <i>(Restated)</i> <i>(Note)</i> <i>(audited)</i>	2020 <i>RMB in million</i> <i>(audited)</i>	2021 <i>RMB in million</i> <i>(audited)</i>	30 June 2022 <i>RMB in million</i> <i>(unaudited)</i>	30 June 2021 <i>RMB in million</i> <i>(unaudited)</i>
Revenue	7,581.6	7,679.9	10,645.3	5,539.6	5,275.2
Cost of sales	(6,117.7)	(6,151.4)	(8,580.4)	(4,379.8)	(4,203.3)
Gross profit	1,463.9	1,528.5	2,064.9	1,159.8	1,071.9
Other income	126.4	159.2	189.8	113.6	94.9
Other expense	–	–	–	(24.9)	–
Government grants	13.7	18.4	20.5	4.5	5.9
Distribution and selling expenses	(544.2)	(564.7)	(999.3)	(533.5)	(401.1)
Administrative expenses	(382.2)	(563.3)	(463.5)	(214.3)	(204.5)
Other gains and losses, net	31.3	(51.6)	(83.7)	23.8	(60.9)
Impairment loss recognised under expected credit loss model, net of reversal	(25.3)	7.4	(7.5)	1.6	(6.2)
Research and development expenditure	(107.1)	(108.5)	(138.8)	(92.4)	(56.5)
Finance costs	(40.7)	(81.0)	(163.4)	(97.5)	(75.0)
Profit before tax	535.8	344.4	419.0	340.7	368.5
Income tax expense	(129.3)	(169.0)	(112.0)	(82.2)	(69.3)
Profit for the year/period	406.5	175.4	307.0	258.5	299.2

APPENDIX II
FINANCIAL INFORMATION OF THE GROUP

	For the year ended 31 December			For the six months ended	For the six months ended
	2019 <i>RMB in million</i> <i>(Restated)</i> <i>(Note)</i> (audited)	2020 <i>RMB in million</i> (audited)	2021 <i>RMB in million</i> (audited)	30 June 2022 <i>RMB in million</i> (unaudited)	30 June 2021 <i>RMB in million</i> (unaudited)
<i>Other comprehensive income (expense) item that can be reclassified subsequently to profit or loss</i>					
Exchange difference arising on translation of foreign operations	40.0	(49.2)	(84.8)	(2.1)	(62.3)
Total comprehensive income for the year	446.5	126.2	222.2	256.4	236.9
Profit for the year attributable to:					
Owners of the Company	285.8	115.0	218.9	164.8	214.0
Non-controlling interests	120.7	60.4	88.1	93.7	85.2
Total comprehensive income for the year attributable to:					
Owners of the Company	325.8	68.6	159.2	163.2	170.1
Non-controlling interests	120.7	57.6	63.0	93.2	66.8
Dividends paid	109.2	105.1	121.6	–	–
Dividend paid to non-controlling interests of subsidiary	77.5	65.2	139.2	20.0	88.3
Earnings per Share:					
Basic (RMB cents)	18.89	7.39	13.46	9.93	13.37
Diluted (RMB cents)	18.79	7.35	13.37	9.88	13.30
Dividend per Share (HK cents)	15.0	15.0	15.0	15.0	15.0

Note:

The restating of result of 2019 was due to certain adjustments in the consolidated financial statements in 2019 (the “**Prior Year Adjustments**”). The Prior Year Adjustments were to adjust (i) recognition of revenue from contracts with customers in proper accounting period; and (ii) accrual of goods transportation expenses in proper accounting period. Details of the Prior Year Adjustments were disclosed in note 3.1 to the consolidated financial statements of the Group as set out in the annual report of the Company for the year ended 31 December 2020 and the announcement dated 23 June 2021.

Save as disclosed above, there are no other item of income or expense which are material for each of the three years ended 31 December 2019, 2020 and 2021 and the six months ended 30 June 2021 and 2022.

The auditor’s reports issued by the auditor of the Company, Deloitte Touche Tohmatsu, in respect of the audited consolidated financial statements of the Group for each of the three years ended 31 December 2019, 2020 and 2021 did not contain any qualified opinion, emphasis of matter or material uncertainty related to going concern.

2. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE THREE YEARS ENDED 31 DECEMBER 2019 (RESTATED), 2020 AND 2021 AND UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE SIX MONTHS ENDED 30 JUNE 2021 AND 2022

The Company is required to set out or refer to in this Composite Document the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows and any other primary statement as shown in (i) the restated audited consolidated financial statements of the Group for the year ended 31 December 2019 (the “**2019 Restated Financial Statements**”); (ii) the audited consolidated financial statements of the Group for the year ended 31 December 2020 (the “**2020 Financial Statements**”); and (iii) the audited consolidated financial statements of the Group for the year ended 31 December 2021 (the “**2021 Financial Statements**”), together with the notes to the relevant published accounts which are of major relevance to the appreciation of the above financial information.

The 2019 Restated Financial Statements and the 2020 Financial Statements are set out from pages 98 to 202 in the annual report of the Company for the year ended 31 December 2020 (the “**2020 Annual Report**”) which was published on 29 April 2021 on the websites of the Company (<http://www.irasia.com/listco/hk/xingda/index.htm>) and the Stock Exchange (<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0429/2021042900595.pdf>) and supplemented by the supplemental announcement of the Company dated 23 June 2021 on the websites of the Company (<http://www.irasia.com/listco/hk/xingda/index.htm>) and the Stock Exchange (<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0623/2021062301421.pdf>).

The 2021 Financial Statements are set out from pages 118 to 215 in the annual report of the Company for the year ended 31 December 2021 (the “**2021 Annual Report**”) which was published on 28 April 2022 on the websites of the Company (<http://www.irasia.com/listco/hk/xingda/index.htm>) and the Stock Exchange (<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0428/2022042801058.pdf>).

The 2019 Restated Financial Statements, the 2020 Financial Statements and the 2021 Financial Statements (but not any other part of the 2020 Annual Report and the 2021 Annual Report in which they respectively appear) are incorporated by reference into this Composite Document and form part of this Composite Document.

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2021 (the “**2021 Interim Financial Statements**”) and the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2022 (the “**2022 Interim Financial Statements**”) and the notes thereto are set out from pages 24 to 50 of the interim report of the Company for the six months ended 30 June 2022 (the “**2022 Interim Report**”), which was published on 22 September 2022 on the websites of the Company (<http://www.irasia.com/listco/hk/xingda/index.htm>) and the Stock Exchange (<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0922/2022092200452.pdf>).

The 2021 Interim Financial Statements and the 2022 Interim Financial Statements (but not any other part of the 2022 Interim Report in which it appears) are incorporated by reference into this Composite Document and form part of this Composite Document.

3. INDEBTEDNESS

Borrowings

As of 30 November 2022, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Composite Document, the Group had outstanding bank borrowings of approximately RMB6,603,482,000.

As of 30 November 2022, bank borrowings of approximately RMB2,686,628,000 were secured by term deposits and leasehold land of the Group and unguaranteed. The carrying amounts of the pledged term deposits and leasehold land as at 30 November 2022 were RMB1,684.0 million and RMB200.2 million, respectively. The remaining bank borrowings amounting to RMB3,916,854,000 as at 30 November 2022 were unsecured and unguaranteed.

Contingent liabilities

As of 30 November 2022, the Group did not have any material contingent liabilities.

Lease liabilities

As of 30 November 2022, the Group had recognised lease liabilities of approximately RMB1,050,000.

Obligations arising from repurchase of shares

As of 30 November 2022, the Group had share repurchase obligations of a subsidiary of approximately RMB248,201,000.

Save as aforesaid or otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables, as of 30 November 2022, the Group did not have any other mortgages, charges, debentures, loan capital, bank overdrafts, loans, debt securities or other similar indebtedness, lease liabilities or hire purchase commitments, liabilities under acceptances or acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other material contingent liabilities outstanding.

4. MATERIAL CHANGE

The Group's gross profit margin increased from 19.4% for the financial year ended 31 December 2021 as disclosed in the 2021 Annual Report to 20.9% for the six months ended 30 June 2022 as disclosed in the 2022 Interim Report. Such increase was mainly attributable to the increase in proportion of overseas sales from 27.5% for the financial year ended 31 December 2021 to 35.4% for the six months ended 30 June 2022 as overseas sales had a higher gross profit margin as compared to that of domestic sales. Save and except as disclosed above, the Directors confirm that there had been no material change in the financial or trading position or outlook of the Company since 31 December 2021, being the date to which the latest published audited consolidated financial statements of the Group were made up, and up to and including the Latest Practicable Date.

1. RESPONSIBILITY STATEMENT

This Composite Document includes particulars given in compliance with the Takeovers Code for the purpose of providing information to the Qualifying Shareholders with respect to the Joint Offerors, the Group and the Partial Offer.

The Directors jointly and severally accept full responsibility for the accuracy of information contained in this Composite Document (other than the information relating to the Joint Offerors and parties acting in concert with any of them, and the Five Parties), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by each sole director of the Joint Offerors in their capacity as such, and the Five Parties) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

The sole director of each of Great Trade, In-Plus, Power Aim and Wise Creative jointly and severally accept full responsibility for the accuracy of information contained in this Composite Document (including the information on the Five Parties and the Five BVI Companies but excluding the information relating to the Group and Widen Success) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the Directors and the sole director of Widen Success in their capacity as such) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

The sole director of Widen Success accepts full responsibility for the accuracy of information contained in this Composite Document (other than the information relating to the Group, the other Joint Offerors, Perfect Sino and the Five Parties) and confirms, having made all reasonable inquiries, that to the best of his knowledge, opinions expressed in this Composite Document (other than those expressed by the Directors, each sole director of the other Joint Offerors and Perfect Sino in their capacity as such, and the Five Parties) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

2. SHARE CAPITAL OF THE COMPANY

	Number of Shares	Share capital HK\$
<i>Authorised:</i>		
Ordinary Shares of HK\$0.10 each		
– As at the Latest Practicable Date	3,000,000,000	300,000,000
<i>Issued and fully paid Shares:</i>		
– Balance as at 31 December 2022	1,662,445,199	166,244,519.9
– Shares issued since 31 December 2022	nil	nil
– As at the Latest Practicable Date	1,662,445,199	166,244,519.9

All existing Shares rank equally in all respects, including in particular as to capital, dividends and voting.

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

3. DISCLOSURE OF INTERESTS

(a) Interests of the Joint Offerors and parties acting in concert with them in the Shares

As at the Latest Practicable Date, the Joint Offerors and parties acting in concert with them were interested in an aggregate of 758,132,457 Shares (representing approximately 45.60% of the issued share capital of the Company). Save as aforesaid and as disclosed in the table below, neither the Joint Offerors, any of their directors or parties acting in concert with them hold any Shares, convertible securities, warrants or options in respect of Shares or any other voting rights or rights over Shares or any outstanding derivatives in respect of securities in the Company entered into by the Joint Offerors or parties acting in concert with them.

Party	Capacity	As at the Latest Practicable Date	
		No. of Shares	Approximate %
<i>Joint Offerors</i>			
Great Trade	Beneficial owner	274,104,883 (L)	16.49%
In-Plus	Beneficial owner	151,114,000 (L)	9.09%
Power Aim	Beneficial owner	42,725,000 (L)	2.57%
Wise Creative	Beneficial owner	48,565,000 (L)	2.92%

Party	Capacity	As at the Latest Practicable Date	
		No. of Shares	Approximate %
<i>Parties acting in concert with the Joint Offerors</i>			
Mr. Liu Jinlan ⁽¹⁾⁽⁶⁾⁽⁷⁾	Beneficial owner, interest of a controlled corporation, a concert party to an agreement to buy shares described in section 317(1)(a) of the SFO	758,132,457 (L)	45.60%
Mr. Liu Xiang ⁽²⁾⁽⁶⁾⁽⁷⁾	Beneficial owner, interest of a controlled corporation, a concert party to an agreement to buy shares described in section 317(1)(a) of the SFO	758,132,457 (L)	45.60%
Mr. Zhang Yuxiao ⁽³⁾⁽⁶⁾⁽⁷⁾	Beneficial owner, interest of a controlled corporation, a concert party to an agreement to buy shares described in section 317(1)(a) of the SFO	758,132,457 (L)	45.60%
Mr. Hang Youming ⁽⁴⁾⁽⁶⁾⁽⁷⁾	Beneficial owner, interest of a controlled corporation, a concert party to an agreement to buy shares described in section 317(1)(a) of the SFO	758,132,457 (L)	45.60%
Mr. Tao Jinxiang ⁽⁵⁾⁽⁶⁾⁽⁷⁾	Beneficial owner, interest of a controlled corporation, a concert party to an agreement to buy shares described in section 317(1)(a) of the SFO	758,132,457 (L)	45.60%
Perfect Sino ⁽⁵⁾	Beneficial owner	116,259,000 (L)	6.99%

Notes:

As at the Latest Practicable Date:

- Mr. Liu Jinlan held 49,039,275 Shares in his own name. Mr. Liu Jinlan was the sole director and the sole registered shareholder of Great Trade. Great Trade held 274,104,883 Shares. For the purpose of Part XV of the SFO, Mr. Liu Jinlan was deemed to be interested in the Shares held by Great Trade. Mr. Liu Jinlan is a grantee under the Share Award Scheme. Upon fulfilment of the relevant vesting conditions and assuming all Award Shares granted to him are vested in full, Mr. Liu Jinlan will become interested in a further 5,425,000 Shares.
- Mr. Liu Xiang held 18,932,299 Shares in his own name. Mr. Liu Xiang was the sole director and the sole registered shareholder of In-Plus. In-Plus held 151,114,000 Shares. For the purpose of Part XV of the SFO, Mr. Liu Xiang was deemed to be interested in the Shares held by In-Plus. Mr. Liu Xiang is a grantee under the Share Award Scheme. Upon fulfilment of the relevant vesting conditions and assuming all Award Shares granted to him are vested in full, Mr. Liu Xiang will become interested in a further 2,675,000 Shares.
- Mr. Zhang Yuxiao held 3,458,000 Shares in his own name. Mr. Zhang Yuxiao was the sole director and the sole registered shareholder of Power Aim. Power Aim held 42,725,000 Shares. For the purpose of Part XV of the SFO, Mr. Zhang Yuxiao was deemed to be interested in the Shares held by Power Aim.

Mr. Zhang Yuxiao is a grantee under the Share Award Scheme. Upon fulfilment of the relevant vesting conditions and assuming all Award Shares granted to him are vested in full, Mr. Zhang Yuxiao will become interested in a further 2,675,000 Shares.

4. Mr. Hang Youming held 43,671,000 Shares in his own name. Mr. Hang Youming was the sole director and the sole registered shareholder of Wise Creative. Wise Creative held 48,565,000 Shares. For the purpose of Part XV of the SFO, Mr. Hang Youming was deemed to be interested in the Shares held by Wise Creative. Mr. Hang Youming is a grantee under the Share Award Scheme. Upon fulfilment of the relevant vesting conditions and assuming all Award Shares granted to him are vested in full, Mr. Hang Youming will become interested in a further 2,675,000 Shares.
5. Mr. Tao Jinxiang held 10,264,000 Shares in his own name. Mr. Tao Jinxiang was the sole director and the sole registered shareholder of Perfect Sino. Perfect Sino held 116,259,000 Shares. For the purpose of Part XV of the SFO, Mr. Tao Jinxiang was deemed to be interested in the shares held by Perfect Sino. Mr. Tao Jinxiang is a grantee under the Share Award Scheme. Upon fulfilment of the relevant vesting conditions and assuming all Award Shares granted to him are vested in full, Mr. Tao Jinxiang will become interested in a further 2,675,000 Shares.
6. Each of Mr. Liu Jinlan, Mr. Liu Xiang, Mr. Zhang Yuxiao, Mr. Hang Youming and Mr. Tao Jinxiang was a party to the Five Parties' Agreement, accordingly, each of them is a party acting in concert with the Joint Offerors. The Five Parties' Agreement is an agreement under section 317(1)(a) of the SFO and hence, each of them was deemed to be interested in Shares in which the other parties to the Five Parties' Agreement were interested for the purpose of Part XV of the SFO.
7. The interests and rights of Great Trade, In-Plus, Power Aim, Wise Creative and Perfect Sino, and the interests and rights in the Shares held by Mr. Liu Jinlan, Mr. Liu Xiang, Mr. Zhang Yuxiao, Mr. Hang Youming and Mr. Tao Jinxiang through Great Trade, In-Plus, Power Aim, Wise Creative and Perfect Sino are owned by Mr. Liu Jinlan, Mr. Liu Xiang, Mr. Zhang Yuxiao, Mr. Hang Youming and Mr. Tao Jinxiang respectively for the benefit of the ESC Members, save for the Shares acquired by any of Mr. Liu Jinlan, Mr. Liu Xiang, Mr. Zhang Yuxiao, Mr. Hang Youming and Mr. Tao Jinxiang in their own name or through Great Trade, In-Plus, Power Aim, Wise Creative and Perfect Sino respectively using the funds provided by themselves on or after 30 August 2005 (including the Offer Shares to be acquired by Great Trade, In-Plus, Power Aim and Wise Creative respectively under the Partial Offer), such acquired Shares (together with all rights and benefits accruing and attaching thereto) shall be for the respective benefit of Mr. Liu Jinlan, Mr. Liu Xiang, Mr. Zhang Yuxiao, Mr. Hang Youming and Mr. Tao Jinxiang only and not for the benefit of the other ESC Members. As at the Latest Practicable Date, among the 632,767,883 Shares held by the Five BVI Companies, (i) a total of 454,678,266 Shares (representing approximately 27.35% of the total issued share capital of the Company as at the Latest Practicable Date) were held for the benefit of the respective members of the Five Parties, being 225,270,933 Shares for Mr. Liu Jinlan, 82,254,840 Shares for Mr. Liu Xiang, 55,862,493 Shares for Mr. Tao Jinxiang, 42,725,000 Shares for Mr. Zhang Yuxiao, and 48,565,000 Shares for Mr. Hang Youming respectively; and (ii) the remaining 178,089,617 Shares (representing approximately 10.71% of the total issued share capital of the Company as at the Latest Practicable Date) were held for the benefit of the other ESC Members.
8. The letter "L" denotes long position in the Shares.

(b) Interests of Directors in the Shares

As at the Latest Practicable Date, the interests and short positions of each of the Directors and the chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company under section 352 of the SFO, or

as otherwise notified to the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules and the requirements under the Takeovers Code, were as follows:

Interests in the Shares and underlying shares of the Company

Name of Director	Capacity	As at the Latest Practicable Date	
		No. of Shares	Approximate %
Mr. Liu Jinlan ⁽¹⁾⁽⁵⁾⁽⁶⁾	Beneficial owner, interest of a controlled corporation, a concert party to an agreement to buy shares described in section 317(1)(a) of the SFO	758,132,457 (L)	45.60%
Mr. Liu Xiang ⁽²⁾⁽⁵⁾⁽⁶⁾	Beneficial owner, interest of a controlled corporation, a concert party to an agreement to buy shares described in section 317(1)(a) of the SFO	758,132,457 (L)	45.60%
Mr. Tao Jinxiang ⁽³⁾⁽⁵⁾⁽⁶⁾	Beneficial owner, interest of a controlled corporation, a concert party to an agreement to buy shares described in section 317(1)(a) of the SFO	758,132,457 (L)	45.60%
Mr. Zhang Yuxiao ⁽⁴⁾⁽⁵⁾⁽⁶⁾	Beneficial owner, interest of a controlled corporation, a concert party to an agreement to buy shares described in section 317(1)(a) of the SFO	758,132,457 (L)	45.60%
Mr. Koo Fook Sun, Louis	Beneficial owner	510,824 (L)	0.031%
Mr. William John Sharp	Beneficial owner	384,000 (L)	0.023%
Ms. Xu Chunhua	Beneficial owner	50,000 (L)	0.0030%

Notes:

As at the Latest Practicable Date:

- Mr. Liu Jinlan held 49,039,275 Shares in his own name. Mr. Liu Jinlan was the sole director and the sole registered shareholder of Great Trade. Great Trade held 274,104,883 Shares. For the purpose of Part XV of the SFO, Mr. Liu Jinlan was deemed to be interested in the Shares held by Great Trade. Mr. Liu Jinlan is a grantee under the Share Award Scheme. Upon fulfilment of the relevant vesting conditions and assuming all Award Shares granted to him are vested in full, Mr. Liu Jinlan will become interested in a further 5,425,000 Shares.
- Mr. Liu Xiang held 18,932,299 Shares in his own name. Mr. Liu Xiang was the sole director and the sole registered shareholder of In-Plus. In-Plus held 151,114,000 Shares. For the purpose of Part XV of the SFO, Mr. Liu Xiang was deemed to be interested in the Shares held by In-Plus. Mr. Liu Xiang is a grantee under the Share Award Scheme. Upon fulfilment of the relevant vesting conditions and assuming all Award Shares granted to him are vested in full, Mr. Liu Xiang will become interested in a further 2,675,000 Shares.

3. Mr. Tao Jinxiang held 10,264,000 Shares in his own name. Mr. Tao Jinxiang was the sole director and the sole registered shareholder of Perfect Sino. Perfect Sino held 116,259,000 Shares. For the purpose of Part XV of the SFO, Mr. Tao Jinxiang was deemed to be interested in the shares held by Perfect Sino. Mr. Tao Jinxiang is a grantee under the Share Award Scheme. Upon fulfilment of the relevant vesting conditions and assuming all Award Shares granted to him are vested in full, Mr. Tao Jinxiang will become interested in a further 2,675,000 Shares.
4. Mr. Zhang Yuxiao held 3,458,000 Shares in his own name. Mr. Zhang Yuxiao was the sole director and the sole registered shareholder of Power Aim. Power Aim held 42,725,000 Shares. For the purpose of Part XV of the SFO, Mr. Zhang Yuxiao was deemed to be interested in the Shares held by Power Aim. Mr. Zhang Yuxiao is a grantee under the Share Award Scheme. Upon fulfilment of the relevant vesting conditions and assuming all Award Shares granted to him are vested in full, Mr. Zhang Yuxiao will become interested in a further 2,675,000 Shares.
5. Each of Mr. Liu Jinlan, Mr. Liu Xiang, Mr. Zhang Yuxiao, Mr. Hang Youming and Mr. Tao Jinxiang was a party to the Five Parties' Agreement, accordingly, each of them is a party acting in concert with the Joint Offerors. The Five Parties' Agreement is an agreement under section 317(1)(a) of the SFO and hence, each of them was deemed to be interested in Shares in which the other parties to the Five Parties' Agreement were interested for the purpose of Part XV of the SFO.
6. The interests and rights of Great Trade, In-Plus, Power Aim, Wise Creative and Perfect Sino, and the interests and rights in the Shares held by Mr. Liu Jinlan, Mr. Liu Xiang, Mr. Zhang Yuxiao, Mr. Hang Youming and Mr. Tao Jinxiang through Great Trade, In-Plus, Power Aim, Wise Creative and Perfect Sino are owned by Mr. Liu Jinlan, Mr. Liu Xiang, Mr. Zhang Yuxiao, Mr. Hang Youming and Mr. Tao Jinxiang respectively for the benefit of the ESC Members, save for the Shares acquired by any of Mr. Liu Jinlan, Mr. Liu Xiang, Mr. Zhang Yuxiao, Mr. Hang Youming and Mr. Tao Jinxiang in their own name or through Great Trade, In-Plus, Power Aim, Wise Creative and Perfect Sino respectively using the funds provided by themselves on or after 30 August 2005 (including the Offer Shares to be acquired by Great Trade, In-Plus, Power Aim and Wise Creative respectively under the Partial Offer), such acquired Shares (together with all rights and benefits accruing and attaching thereto) shall be for the respective benefit of Mr. Liu Jinlan, Mr. Liu Xiang, Mr. Zhang Yuxiao, Mr. Hang Youming and Mr. Tao Jinxiang only and not for the benefit of the other ESC Members. As at the Latest Practicable Date, among the 632,767,883 Shares held by the Five BVI Companies, (i) a total of 454,678,266 Shares (representing approximately 27.35% of the total issued share capital of the Company as at the Latest Practicable Date) were held for the benefit of the respective members of the Five Parties, being 225,270,933 Shares for Mr. Liu Jinlan, 82,254,840 Shares for Mr. Liu Xiang, 55,862,493 Shares for Mr. Tao Jinxiang, 42,725,000 Shares for Mr. Zhang Yuxiao, and 48,565,000 Shares for Mr. Hang Youming respectively; and (ii) the remaining 178,089,617 Shares (representing approximately 10.71% of the total issued share capital of the Company as at the Latest Practicable Date) were held for the benefit of the other ESC Members.
7. The letter "L" denotes long position in the Shares.

Interest in the shares and underlying shares of associated corporation of the Company

Name of Director	Capacity	Associated corporation	As at the Latest Practicable Date	
			No. of ordinary shares in associated corporation	Approximate % of registered capital of the associated corporation
Mr. Liu Jinlan ⁽¹⁾	Interest in controlled corporation	Jiangsu Xingda Steel Tyre Cord Co., Ltd.	111,499,998 (L)	3.90%
Mr. Liu Xiang ⁽²⁾	Interest in controlled corporation	Jiangsu Xingda Steel Tyre Cord Co., Ltd.	72,000,000 (L)	2.52%
Mr. Tao Jinxiang ⁽³⁾	Interest in controlled corporation	Jiangsu Xingda Steel Tyre Cord Co., Ltd.	54,000,000 (L)	1.89%
Mr. Zhang Yuxiao	Beneficial owner	Jiangsu Xingda Steel Tyre Cord Co., Ltd.	1,669 (L)	0.000058%

Notes:

As at the Latest Practicable Date:

- Liu Jinlan is the general partner of 泰州金澤企業管理合夥企業(有限合夥) (Taizhou Jinze Corporate Management Partnership Corporation (Limited Partnership)*) which held 99,000,000 shares of Jiangsu Xingda Steel Tyre Cord Co., Ltd. Further, Liu Jinlan indirectly controls 76% equity interests in 興化市興達綉園酒店有限公司 (Xinghua Xingda Xiuyuan Hotel Co., Ltd.*) which in turn held 12,499,998 shares of Jiangsu Xingda Steel Tyre Cord Co., Ltd.
- Liu Xiang is the general partner of 泰州業祥企業管理合夥企業(有限合夥) (Taizhou Yexiang Corporate Management Partnership Corporation (Limited Partnership)*) which held 72,000,000 shares of Jiangsu Xingda Steel Tyre Cord Co., Ltd.
- Tao Jinxiang is the general partner of 泰州永業企業管理合夥企業(有限合夥) (Taizhou Yongye Corporate Management Partnership Corporation (Limited Partnership)*) which held 54,000,000 shares of Jiangsu Xingda Steel Tyre Cord Co., Ltd.
- The letter “L” denotes long position in the Shares.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, the chief executive of the Company and/or any of their respective associates had or is deemed to have any interest and short position in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests which they were deemed to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register of the Company referred to therein or which were required, pursuant to Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange, or were required to be disclosed by the Takeovers Code.

(c) Interests of the Company and the Directors in the Joint Offerors

As at the Latest Practicable Date:

- (1) Mr. Liu Jinlan, chairman of the Board and an executive Director, was the sole registered shareholder of Great Trade;
- (2) Mr. Liu Xiang, an executive Director, was the sole registered shareholder of In-Plus.
- (3) Mr. Zhang Yuxiao, an executive Director, was the sole registered shareholder of Power Aim.

Save for the above, none of the Company and the Directors was interested in any of the shares of the Joint Offerors or any convertible securities, warrants, options or derivatives in respect of any shares of the Joint Offerors as at the Latest Practicable Date.

(d) Other disclosures

As at the Latest Practicable Date:

- (1) none of the Joint Offerors, the Joint Offeror's Shareholders and parties acting in concert with them had received any irrevocable commitment to accept or not to accept, approve or not to approve the Partial Offer;
- (2) save for the Consortium Agreement, the AIC Agreement and the Five Parties' Agreement, no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Joint Offerors, the Joint Offerors' Shareholders or parties acting in concert with any of them;
- (3) save for the Consortium Agreement and/or as disclosed in the section headed "2. PRINCIPAL TERMS AND CONDITIONS OF THE PARTIAL OFFER – Conditions to the Partial Offer" in the letter from CLSA Limited in this Composite Document, there was no agreement or arrangement to which any one of the Joint Offerors and the Joint Offerors' Shareholders is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Partial Offer;
- (4) the Company had no shareholding in any Joint Offerors or any warrants, options, convertible securities or derivatives or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in respect of any shares of any of the Joint Offerors;
- (5) save as disclosed in the paragraph headed "3. DISCLOSURE OF INTERESTS – (c) Interests of the Company and the Directors in the Joint Offerors" of this Appendix, none of the Directors were interested in any shares of the Joint Offerors or any warrants, options, convertible securities or derivatives or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in respect of any shares of any of the Joint Offerors;

- (6) none of the subsidiaries of the Company, pension funds of the Company or of a subsidiary of the Company or a person who is presumed to be acting in concert with the Company by virtue of Class (5) of the definition of “acting in concert” under the Takeovers Code or an associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code but excluding any exempt principal traders and exempt fund managers, owned or controlled any Shares or any convertible securities, warrants, options or derivatives of the Company;
- (7) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code;
- (8) no fund managers (other than exempt fund managers) connected with the Company had managed any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) on a discretionary basis;
- (9) neither the Company nor any of the Directors had borrowed or lent any Shares or any convertible securities, warrants, options or derivatives or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in respect of any Shares, save for any borrowed Shares which have been either on-lent or sold;
- (10) none of the Joint Offerors, the Joint Offerors’ Shareholders and parties acting in concert with any of them had borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company, save for any borrowed Shares which have been either on-lent or sold;
- (11) all of the Directors who will receive an offer from the Joint Offerors (namely Mr. Tao Jinxiang and the INEDs) intended to reject the Partial Offer in respect of their own beneficial shareholdings in the Company;
- (12) other than the Offer Price under the Partial Offer, there was no other consideration, compensation or benefit in whatever form paid or to be paid by the Joint Offerors, the Joint Offerors’ Shareholders or parties acting in concert with any of them in connection with the Partial Offer;
- (13) there was no agreement, arrangement or understanding that the Offer Shares acquired in pursuance to the Partial Offer would be transferred, charged or pledged to any other persons;
- (14) there was no understanding, arrangement, agreement or special deal (under Rule 25 of the Takeovers Code) between the Joint Offerors, the Joint Offerors’ Shareholders or parties acting in concert with any of them on the one hand, and Shareholders or parties acting in concert with them on the other hand; and

- (15) there was no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between any Shareholder on the one hand and the Company, its subsidiaries or associated companies on the other hand.

4. ARRANGEMENTS AFFECTING OR RELATING TO THE DIRECTORS

As at the Latest Practicable Date:

- (1) no benefit (other than statutory compensation) was or would be given to any Director as compensation for loss of office or otherwise in connection with the Partial Offer;
- (2) save for the Five Parties' Agreement, the AIC Agreement and the Consortium Agreement, there was no agreement or arrangement between any Director and any other person which is conditional on or dependent upon the outcome of the Partial Offer or otherwise connected with the Partial Offer;
- (3) save for the Five Parties' Agreement, the AIC Agreement and the Consortium Agreement, there was no agreement, arrangement or understanding (including any compensation arrangement) existed between the Joint Offerors or any party acting in concert with them and any Directors, recent Directors, Shareholders or recent Shareholders which had any connection with or dependence upon the Partial Offer; and
- (4) save for the Five Parties' Agreement, the AIC Agreement and the Consortium Agreement, no material contracts had been entered into by the Joint Offerors in which any Director has a material personal interest.

5. DEALING IN SHARES

During the Relevant Period:

- (1) none of the Joint Offerors, the Joint Offerors' Shareholders or parties acting in concert with any of them, nor any of the sole directors of the Joint Offerors had dealt for value in any of the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company;
- (2) neither the Company, any of its subsidiaries, nor any Directors had dealt for value in any shares of any of the Joint Offerors or any other convertible securities, warrants, options or derivatives or any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Joint Offerors;
- (3) none of the Directors had dealt for value in any Shares, convertible securities, warrants, options or derivatives or any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in respect of any Shares;

During the Offer Period and up to the Latest Practicable Date:

- (4) none of the subsidiaries of the Company, pension funds of the Company or of a subsidiary of the Company or a person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” under the Takeovers Code or an associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code but excluding any exempt principal traders and exempt fund managers, had dealt for value in any Shares or any convertible securities, warrants, options or derivatives of the Company;
- (5) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code and no such person had dealt for value in any Shares or any convertible securities, warrants, options or derivatives of the Company; and
- (6) no fund managers connected with the Company who managed funds on a discretionary basis had dealt for value in any Shares or any other convertible securities, warrants, options or derivatives of the Company.

6. MARKET PRICES

The table below shows the closing price of the Shares as quoted on the Stock Exchange on (a) the last day on which trading took place in each of the calendar months during the Relevant Period; (b) the Last Trading Day; and (c) the Latest Practicable Date.

Date	Closing price per Share <i>HK\$</i>
30 June 2022	1.47
29 July 2022	1.51
31 August 2022	1.61
30 September 2022	1.55
31 October 2022	1.52
30 November 2022	1.50
6 December 2022 (being the Last Trading Day)	1.51
30 December 2022	1.57
20 January 2023 (being the Latest Practicable Date)	1.59

7. HIGHEST AND LOWEST SHARE PRICE

During the Relevant Period, the highest and lowest closing prices of the Shares as quoted on the Stock Exchange were HK\$1.65 on 13 December 2022 and HK\$1.34 on 20 June 2022 and 21 June 2022, respectively.

8. MATERIAL CONTRACTS

Save as disclosed below, the Group had not, within the two years immediately preceding the commencement of the Offer Period and up to and including the Latest Practicable Date, entered into any contract (not being a contract entered into in the ordinary course of business carried on or intended to be carried on by the Group), which is or may be material:

- (a) a subscription agreement dated 4 March 2021 entered into between 江蘇興達鋼簾線股份有限公司 (Jiangsu Xingda Steel Tyre Cord Co. Ltd.*) (“**Jiangsu Xingda**”), an indirect non-wholly owned subsidiary of the Company, and Guizhou Tyre Co., Ltd. (“**Guizhou Tyre**”) in relation to the subscription by Jiangsu Xingda of 15,873,015 new A shares issued by Guizhou Tyre at RMB6.30 per share in cash under a non-public offer, detail of which are referred to in the announcement of the Company dated 4 March 2021; and
- (b) capital increase agreements each dated 16 December 2020 entered into between Jiangsu Xingda (a non-wholly owned subsidiary of the Company) with the investors, namely, 成山集團有限公司 (Chengshan Group Co., Ltd.*) (“**Chengshan Group**”), 玲瓏輪胎有限公司 (Linglong Tire Co., Ltd.*) (“**Linglong Tire**”), 賽輪集團股份有限公司 (Sailun Group Co., Ltd.*) (“**Sailun Group**”), 三角輪胎股份有限公司 (Triangle Tyre Co., Ltd.*) (“**Triangle Tyre**”) and 嘉興建信宸玥股權投資合夥企業(有限合夥) (Jiaxing Jianxin Chenyue Equity Investment Enterprise (Limited Partnership)*) (“**Jiaxing Jianxin Chenyue**”), pursuant to which, among others, Chengshan Group, Linglong Tire, Sailun Group, Triangle Tyre and Jiaxing Jianxin Chenyue agreed to make capital contributions of RMB50,000,000 (equivalent to approximately HK\$59,245,000), RMB50,000,000 (equivalent to approximately HK\$59,245,000), RMB50,000,000 (equivalent to approximately HK\$59,245,000), RMB50,000,000 (equivalent to approximately HK\$59,245,000) and RMB30,000,000 (equivalent to approximately HK\$35,547,000) respectively, in cash to Jiangsu Xingda to subscribe for equity interest in Jiangsu Xingda, details of which are referred to in the announcements of the Company dated 16 December 2020 and 22 December 2020.

9. LITIGATION

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation or arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

10. DIRECTORS' SERVICE CONTRACTS

Save as disclosed below, as at the Latest Practicable Date, none of the Directors had entered into any service contracts with the Company or any of its subsidiaries or associated companies which (i) (including both continuous and fixed-term contracts) have been entered into or amended within 6 months preceding the commencement of the Offer Period; (ii) are continuous contracts with a notice period of 12 months or more; or (iii) are fixed-term contracts with more than 12 months to run irrespective of the notice period:

Directors' service contracts with the Company

Director	Expiry date of service agreement/ appointment letter	Term of the appointment	Amount of annual remuneration
Liu Jinlan	17 August 2024	An initial term of three years commencing from 18 July 2006 and renewable automatically for successive terms of three years each commencing from the next day after the expiry of the then current term of the appointment	The remuneration under the original service agreement was HK\$3,000,000 per annum subject to adjustment from time to time. Upon completion of every 12 months of service, a discretionary management bonus of an amount to be recommended by the remuneration committee of the Board and approved by the majority of the Board shall be payable to the director.
Liu Xiang	2 December 2024	An initial term of three years commencing from 3 December 2006 and renewable automatically for successive terms of three years each commencing from the next day after the expiry of the then current term of the appointment	The remuneration under the original service agreement was HK\$862,620 per annum subject to adjustment from time to time. Upon completion of every 12 months of service, a discretionary management bonus of an amount to be recommended by the remuneration committee of the Board and approved by the majority of the Board shall be payable to the director.

Director	Expiry date of service agreement/ appointment letter	Term of the appointment	Amount of annual remuneration
Tao Jinxiang	2 December 2024	An initial term of three years commencing from 3 December 2006 and renewable automatically for successive terms of terms of three years each commencing from the next day after the expiry of the then current term of the appointment	<p>The remuneration under the original service agreement was HK\$757,704 per annum subject to adjustment from time to time.</p> <p>Upon completion of every 12 months of service, a discretionary management bonus of an amount to be recommended by the remuneration committee of the Board and approved by the majority of the Board shall be payable to the director.</p>
Zhang Yuxiao	2 December 2024	An initial term of three years commencing from 3 December 2006 and renewable automatically for successive terms of terms of three years each commencing from the next day after the expiry of the then current term of the appointment	<p>The remuneration under the original service agreement was HK\$1,198,168 per annum subject to adjustment from time to time.</p> <p>Upon completion of every 12 months of service, a discretionary management bonus of an amount to be recommended by the remuneration committee of the Board and approved by the majority of the Board shall be payable to the director.</p>

Director	Expiry date of service agreement/ appointment letter	Term of the appointment	Amount of annual remuneration
Koo Fook Sun, Louis	22 August 2023	An initial term of three years commencing from 23 August 2005 and renewable automatically for successive terms of three years each commencing from the next day after the expiry of the then current term of the appointment	<p>The remuneration under the original letter of appointment was US\$50,000 per annum subject to adjustment from time to time.</p> <p>There is no variable remuneration payable under the relevant appointment letter.</p>
William John Sharp	22 August 2023	An initial term of three years commencing from 23 August 2005 and renewable automatically for successive terms of three years each commencing from the next day after the expiry of the then current term of the appointment	<p>The remuneration under the original letter of appointment was US\$50,000 per annum subject to adjustment from time to time.</p> <p>There is no variable remuneration payable under the relevant appointment letter.</p>
Xu Chunhua	22 August 2023	An initial term of three years commencing from 23 August 2005 and renewable automatically for successive terms of three years each commencing from the next day after the expiry of the then current term of the appointment	<p>The remuneration under the original letter of appointment was US\$50,000 per annum subject to adjustment from time to time.</p> <p>There is no variable remuneration payable under the relevant appointment letter.</p>

11. EXPERTS AND CONSENTS

The following are the qualifications of the experts whose letters or opinions are contained in this Composite Document:

Name	Qualifications
CITIC Securities (Hong Kong) Limited	CITIC Securities (Hong Kong) Limited (formerly known as CLSA Capital Markets Limited), a corporation licensed to conduct Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the exclusive financial adviser to the Joint Offerors in respect of the Partial Offer, an indirectly wholly-owned subsidiary of CITIC Securities Company Limited, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 6030)
CLSA Limited	CLSA Limited, a licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 7 (providing automated trading services) regulated activities under the SFO, an indirectly wholly-owned subsidiary of CITIC Securities Company Limited, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 6030), being the agent making the Partial Offer on behalf of the Joint Offerors
Haiwen & Partners	PRC legal adviser
Optima Capital Limited	Optima Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee in relation to the Partial Offer
Cushman & Wakefield Limited	Independent property valuer

Each of CITIC Securities (Hong Kong), CLSA Limited, Haiwen & Partners, Optima Capital and Cushman & Wakefield has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of the text of its letter or report and/or opinion and references to its name in the form and context in which they are respectively included.

12. MISCELLANEOUS

- (1) Information regarding the Joint Offerors and their principal concert parties is set out below:
- (a) Great Trade, one of the Joint Offerors, is an investment holding company incorporated in the British Virgin Islands with limited liability. As at the Latest Practicable Date, Mr. Liu Jinlan is the sole director and sole registered shareholder of Great Trade. The registered office of Great Trade is at Quijano Chambers, P.O. Box 3159, Road Town, Tortola, British Virgin Islands. The correspondence address of Mr. Liu Jinlan is No. 88, Ren Min Road, Dainan Town, Xinghua City, Jiangsu Province, PRC.
 - (b) In-Plus, one of the Joint Offerors, is an investment holding company incorporated in the British Virgin Islands with limited liability. As at the Latest Practicable Date, Mr. Liu Xiang is the sole director and sole registered shareholder of In-Plus. The registered office of In-Plus is at Quijano Chambers, P.O. Box 3159, Road Town, Tortola, British Virgin Islands. The correspondence address of Mr. Liu Xiang is No. 88, Ren Min Road, Dainan Town, Xinghua City, Jiangsu Province, PRC.
 - (c) Power Aim, one of the Joint Offerors, is an investment holding company incorporated in the British Virgin Islands with limited liability. As at the Latest Practicable Date, Mr. Zhang Yuxiao is the sole director and sole registered shareholder of Power Aim. The registered office of Power Aim is at Quijano Chambers, P.O. Box 3159, Road Town, Tortola, British Virgin Islands. The correspondence address of Mr. Zhang Yuxiao is 6th Floor, No. 20, Lane 599, Yunling Road East, Putuo District, Shanghai 200062, PRC.
 - (d) Wise Creative, one of the Joint Offerors, is an investment holding company incorporated in the British Virgin Islands with limited liability. As at the Latest Practicable Date, Mr. Hang Youming is the sole director and sole registered shareholder of Wise Creative. The registered office of Wise Creative is at Quijano Chambers, P.O. Box 3159, Road Town, Tortola, British Virgin Islands. The correspondence address of Mr. Hang Youming is No. 88, Ren Min Road, Dainan Town, Xinghua City, Jiangsu Province, PRC.
 - (e) Widen Success, one of the Joint Offerors, is an investment holding company incorporated in the British Virgin Islands with limited liability. As at the Latest Practicable Date, Mr. Liu Tao is the sole director and sole registered shareholder of Widen Success. The registered office of Widen Success is at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands. The correspondence address of Mr. Liu Tao is No. 8 Xingda Community, Dainan Town, Xinghua City, Jiangsu Province, PRC.
 - (f) Mr. Tao Jinxiang is a party to the Five Parties' Agreement. His correspondence address is Room 101, Block 20, Jiu Long Cang, Guo Bin Yi Hao, Shi Lian Jie, Su Zhou Gong Ye Yuan Qu, PRC.

- (g) Perfect Sino is an investment holding company incorporated in the British Virgin Islands with limited liability. As at the Latest Practicable Date, Mr. Tao Jinxiang is the sole director and sole registered shareholder of Perfect Sino. The registered office of Perfect Sino is at Quijano Chambers, P.O. Box 3159, Road Town, Tortola, British Virgin Islands.
- (2) The registered office of CITIC Securities (Hong Kong), the financial adviser to the Joint Offerors, is 18/F, One Pacific Place, 88 Queensway, Hong Kong.
- (3) The registered office of CLSA Limited, the agent making the Partial Offer on behalf of the Joint Offerors, is 18/F, One Pacific Place, 88 Queensway, Hong Kong.
- (4) 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. The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (5) The Independent Financial Adviser is Optima Capital whose address is at Unit 1501-06, 15/F Jardine House, 1 Connaught Place, Central, Hong Kong.
- (6) The Hong Kong branch share registrar of the Company is Boardroom Share Registrars (HK) Ltd., Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong.
- (7) In case of inconsistency, the English text of this Composite Document and the Form of Approval and Acceptance shall prevail over the Chinese text.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection (i) on the websites of the SFC at www.sfc.hk and the Company at <http://www.irasia.com/listco/hk/xingda/index.htm>; and (ii) during normal business hours from 9:00 a.m. to 5:00 p.m. on any Business Day at the principal place of business of the Company in Hong Kong at Unit S03, 7/F, Low block, Grand Millennium Plaza, 181 Queen's Road Central, Central, Hong Kong during the period from the date of this Composite Document up to as long as the Partial Offer remains open for acceptance:

- (1) the memorandum and articles of association of each of the Joint Offerors;
- (2) the amended and restated memorandum and articles of association of the Company;
- (3) the 2020 Annual Report (setting out the 2019 Restated Financial Statements and the 2020 Financial Statements, together with the supplemental announcement of the Company dated 23 June 2021) and the 2021 Annual Report;
- (4) the 2022 Interim Report;

- (5) the letter from CLSA Limited, the text of which is set out on pages 8 to 27 of this Composite Document;
- (6) the letter from the Board, the text of which is set out on pages 28 to 33 of this Composite Document;
- (7) the letter from the Independent Board Committee, the text of which is set out on pages 34 to 35 of this Composite Document;
- (8) the letter from the Independent Financial Adviser, the text of which is set out on pages 36 to 68 of this Composite Document;
- (9) the letter and full property valuation report of the Group (including valuation certificates) prepared by Cushman & Wakefield, the text of which is set out in Appendix IV to this Composite Document;
- (10) the written consents issued by CITIC Securities (Hong Kong), CLSA Limited, Haiwen & Partners, the Independent Financial Adviser and Cushman & Wakefield referred to in the paragraph headed “11. Experts and Consents” in this Appendix;
- (11) the Five Parties’ Agreement;
- (12) the confirmations signed by each of the ESC Members (other than the Five Parties);
- (13) the AIC Agreement;
- (14) the Consortium Agreement;
- (15) the material contracts as set out in the section headed “8. Material Contracts” in this Appendix;
- (16) the service contracts as set out in the section headed “10. Directors’ Service Contracts” in this Appendix; and
- (17) this Composite Document.

The following is the text of a letter and valuation report prepared for the purpose of incorporation in this circular received from Cushman & Wakefield Limited, an independent valuer, in connection with its opinion of value of the Property as at 30 November 2022.



27th Floor, One Island East
Taikoo Place, 18 Westlands Road
Quarry Bay, Hong Kong

27 January 2023

The Directors
Xingda International Holdings Limited
Unit S03, 7/F, Low Block
Grand Millennium Plaza
181 Queen's Road Central
Central
Hong Kong

Dear Sirs,

INSTRUCTIONS, PURPOSE & VALUATION DATE

In accordance with your instructions for us to value certain properties in People's Republic of China (the "PRC") and Thailand (as more particularly described in the attached valuation summary) in which Xingda International Holdings Limited (the "Company") together with its subsidiaries (collectively the "Group") have interests, we confirm that we have inspected the properties, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the values of such properties as at 30 November 2022 (the "Valuation Date").

VALUATION BASIS

Our valuation of each of the properties represents its market value which in accordance with The HKIS Valuation Standards 2020 published by The Hong Kong Institute of Surveyors which is defined as 'the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion'.

VALUATION ASSUMPTIONS

In valuing the properties, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities published by The Stock Exchange of The Hong Kong Limited, Rule 11 of The Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission and The HKIS Valuation Standards 2020 published by The Hong Kong Institute of Surveyors.

Our valuation of each property excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

In the course of our valuation of the properties, we have relied on the information and advice given by the Company and the Company's PRC legal advisers, Haiwen & Partners regarding the titles to the properties and the interests of the Company in the properties in the PRC. Unless otherwise stated in the legal opinion dated 16 January 2023, provided for the properties in the PRC; and as revealed from title search record for the properties in Thailand, we have assumed that the Company has an enforceable title to each of the properties and has free and uninterrupted rights to use, occupy or assign the properties for the whole of the respective unexpired land use term as granted.

The status of titles and grant of major certificates, approvals and licences, in accordance with the information provided by the Company are set out in the notes of the respective valuation report.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the properties nor any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of any onerous nature which could affect their values.

VALUATION METHODS

In valuing the property in Group I, which is property held by the Group for investment in the PRC, we have adopted Income Capitalisation Method on the basis of capitalisation of rental incomes derived from the existing tenancies with due allowance for reversionary potential of each of the properties or by reference to comparable market transactions. We have also cross-checked against comparable sales evidence as available in the relevant market. Transactions involving similar scale properties of the same nature and tenancy structure in the same districts are not frequent. On the other hand, as most properties generate rental income from letting arrangements and such rental comparables are more readily available, we consider Income Capitalisation Method, which is also commonly used in valuing properties for investment purpose, to be the best method to value these properties.

In undertaking our valuations for the properties by Income Capitalisation Method, we have mainly made reference to sales or lettings within the subject properties as well as other relevant comparable sales or rental evidences of properties of similar use type subject to appropriate adjustments including but not limited to location, accessibility, age, quality, maintenance standard, size, time, configuration and other relevant factors.

The capitalisation rates adopted in our valuations are based on our analyses of the yields of properties of similar use type after due adjustments. Such capitalisation rates are estimated with reference to the yields generally expected by the market for comparable properties of similar use type, which implicitly reflect the type and quality of the properties, the expectation of the potential future rental growth, capital appreciation and relevant risk factors. The capitalisation rates adopted are reasonable and in line with the market norm having regard to the analysed yields of transactions of the relevant use type.

In respect of the properties in Group II and III which are properties held by the Group for owner occupation in the PRC and Thailand respectively, due to the specific nature of the properties and lack of sales transactions of the properties of the same characteristics in the vicinity, we have mainly adopted Depreciated Replacement Cost (“**DRC**”) Method. DRC Method is based on an estimate of the market value of the land in its existing use, plus the current cost of replacement of the improvements, less allowance for physical deterioration and all relevant forms of obsolescence and optimisation. For the land portion, we have generally made reference to comparable land sales evidence as available in the relevant market subject to appropriate adjustments including but not limited to location, time, size etc. DRC Method is subject to service potential of the entity from the use of assets as a whole paying due regard to the total assets employed. The market value arrived using DRC Method applies to the whole of the complex or development as a unique interest, and no piecemeal transaction of the complex or development is assumed.

In respect of the portion of property which is under construction, we have valued it on the basis that it will be developed and completed in accordance with the latest development proposals provided to us by the Group. We have assumed that all consents, approvals and licences from relevant government authorities for the development proposals have been obtained without onerous conditions or delays. We have also assumed that the design and construction of the developments are in compliance with the local planning and other relevant regulations and have been approved by the relevant authorities. In arriving at our valuations, we have taken into account the incurred construction costs as provided to us by the Group.

MARKET VOLATILITY

The outbreak of the Novel Coronavirus (COVID-19) has brought high volatility to global financial markets and uncertainty to the property market. It is expected that property values will be very sensitive to development of the pandemic and changes in the financial markets. The extents of impact on different sectors of the market are different and the time for marketing and negotiating sale of a property may be longer than normal. There will be less certainty as to how long a valuation may sustain and property prices may fluctuate rapidly and materially over a short period of time. Our valuations of the properties are valid only at the Valuation Date and any subsequent changes in market conditions as well as the resulting impacts on property values after the Valuation Date cannot be taken into account. If any party intends to make reference to our valuations when entering into any transaction, he must bear in mind the high market volatility during this period of time and that property values may or may not have changed since the Valuation Date.

Up to the latest practical date, there is no material changes to our valuation. Should any material changes of the valuation throughout the offer period of this Composite Document, we will notify the Company accordingly.

SOURCE OF INFORMATION

We have been provided by the Company with extracts of documents in relation to the titles to the properties. However, we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us. We have not been provided with copies of the title documents relating to the property interests but have caused searches to be made at the appropriate land registries in Thailand.

In the course of our valuation of the properties, we have relied on the information and advice given by the Company and the Company's PRC legal advisers, Haiwen & Partners regarding the titles to the properties and the interests of the Company in the properties in the PRC.

In respect of all properties, we have accepted advice given by the Company on such matters as planning approvals or statutory notices, easements, tenure, identification of land and buildings, completion date of buildings, particulars of occupancy, rental incomes and revenue, development schemes, development time schedules, construction costs, site and floor areas, interest attributable to the Company and all other relevant matters.

Dimensions, measurements and areas included in the valuation report are based on the information provided to us and are therefore only approximations. We have had no reason to doubt the truth and accuracy of the information provided to us by the Company which is material to the valuations. We were also advised by the Company that no material facts have been omitted from the information provided.

We would point out that the copies of documents of the properties provided to us are mainly compiled in local language characters and the transliteration into English represents our understanding of the contents.

TITLE INVESTIGATION

We have been provided with extracts of documents relating to the titles of the properties in the PRC but have not carried out land title searches. In respect of all the properties in Thailand, we have caused searches to be made at Chonburi Land Department Office. However, we have not searched the original documents to verify ownership or to ascertain any amendment which may not appear on the copies handed to us. We are also unable to ascertain the title of the properties and we have therefore relied on the advice given by the Company or the Company's legal advisers regarding the interests of each of the company in the properties.

No title search can be made in respect of the properties in the PRC. Legal opinions in respect of the properties in the PRC have been provided. We have no reason to doubt the truth and accuracy of such information provided by the Company and we have been advised by the Company that no material facts have been omitted from the information provided.

SITE INSPECTION

We inspected the exterior and, wherever possible, the interior of the properties in December 2022. However, we have not carried out any investigations on site to determine the suitability of the soil conditions and the services etc. for any future development. Our valuations are prepared on the assumption that these aspects are satisfactory and that no extraordinary costs or delays will be incurred during the construction period. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are, however, not able to report that the properties are free of rot, infestation or any other structural defects. No tests were carried out to any of the services. Unless otherwise stated, we have not been able to carry out on-site measurements to verify the site and floor areas of the properties and we have assumed that the areas shown on the documents handed to us are correct.

CURRENCY

Unless otherwise stated, all sums stated in our valuations are in Renminbi (“**RMB**”) for the properties in the PRC and Thai Baht (“**THB**”) for the properties in Thailand.

EXCHANGE RATE

Unless otherwise stated, all monetary amounts stated in this report are in Renminbi (RMB). For reference purpose, we have also stated the market values in Hong Kong Dollars in the report. The exchange rate adopted as at the Valuation Date was HK\$1 = RMB0.9187 and HK\$1 = THB 4.8369.

POTENTIAL TAX LIABILITIES

As advised by the Group, the potential tax liabilities which would arise on the direct disposal of the property interests held by the Group at the amounts valued by us comprise the following:

PRC properties

- Enterprise income tax at 25% on gain
- Land appreciation tax at progressive rates from 30% to 60% on the appreciation in property value
- Stamp duty at 0.05% on the transaction amount
- Withholding tax at 10% if the net proceeds (minus taxes and statutory contributions) are repatriated outside the PRC as dividends (reduced to 5% if the Hong Kong-PRC double tax arrangement applies)
- Other surcharge at approximately 12% of value-added tax

Thailand properties

- Corporate Income Tax (“**CIT**”) at 20% on gain
- Withholding tax at 1% of sale price but can be considered as prepaid tax for CIT for that tax year
- Stamp duty at 0.5% of the higher between sale price or appraisal price of Department of Lands
- Registration fee for transfer at 2% of the higher between sale price or appraisal price of Department of Lands (this is usually paid on 50:50 basis between seller and buyer, but depends on negotiation basis)
- Special Business Tax (“**SBT**”) at 3.3% of the higher between sale price or appraisal price of Department of Lands. This is only applicable if the property was held less than 5 years before transfer. In the case that SBT applied, stamp duty will be exempted.

In respect of the properties held by the Group, the likelihood of the relevant tax liabilities being crystallised is remote as the Group have no plans for the disposal of such properties yet.

We enclose herewith summary of valuations and our valuation report for your attention.

Yours faithfully,

For and on behalf of

Cushman & Wakefield Limited

Philip C Y Tsang

Registered Professional Surveyor (General Practice)

Registered China Real Estate Appraiser

Msc, MHKIS

Director

Note: Mr. Philip C Y Tsang is a Member of the Hong Kong Institute of Surveyors and Registered Professional Surveyor (General Practice). Mr. Tsang has over 30 years of experience in the professional property valuation and advisory services in the Greater China region and various overseas countries. Mr. Tsang has sufficient current national knowledge of the market, and the skills and understanding to undertake the valuations competently.

The valuations of the properties in Group III in Thailand were undertaken by Mr. Philip Tsang in collaboration with Ms Tatchada Supakornpichan, Head of Valuation and Advisory of our Thailand Office. Ms. Tatchada Supakornpichan is a Qualified Senior Valuer under the Securities and Exchange Commission, Thailand (SEC) approval list no. 078 and member of Valuation Association of Thailand (VAT) and Thai Valuers Association (TVA), over 20 years of experience in the valuation of properties in Thailand.

Summary of Valuations

Property interests held by the Group in the PRC	Market value in existing state as at the Valuation Date (RMB)	Market value in existing state attributable to the Group as at the Valuation Date (RMB)
Group I - Property interests held for investment in the PRC	203,000,000	203,000,000
Group II - Property interests held for owner- occupation in the PRC	3,310,000,000	2,388,436,000
Sub-Total	3,513,000,000	2,591,436,000

Notes:

The market value in existing state of the property interests in the PRC as at the Valuation Date was approximately HKD3,823,881,572.

The market value in existing state of the property interests in the PRC attributable to the Group as at the Valuation Date was approximately HKD2,820,764,123.

Property interests held by the Group in Thailand	Market value in existing state as at the Valuation Date (THB)	Market value in existing state attributable to the Group as at the Valuation Date (THB)
Group III - Property interest held for owner occupation in Thailand	3,775,000,000	2,654,580,000

Notes:

The market value in existing state of the property interests in Thailand as at the Valuation Date was approximately RMB764,437,500/HKD780,458,600.

The market value in existing state of the property interests in the Thailand attributable to the Group as at the Valuation Date was approximately RMB537,552,450/HKD548,818,458.

VALUATION REPORT

Group I – Property interests held by the Group for investment in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2022								
1. Units 101, 102, 103, Levels 2, 3, 4, 5, 6 and 7 of Huiying Mingzun Block 20 (also known as “Huiyin Financial Business Centre”). Lane 599 Yunling East Road, Putuo District, Shanghai, the PRC	<p>The property comprises 7 floors of office building 20 erected on a parcel of land of a total site area of approximately 54,766 sq m which was completed in 2008. The building age is about 14 years.</p> <p>The property has a GFA of approximately 6,939.29 sq m with details as follows:</p> <table border="1"> <thead> <tr> <th>Use</th> <th>GFA (sq m)</th> </tr> </thead> <tbody> <tr> <td>Office</td> <td>5,988.99</td> </tr> <tr> <td>Retail</td> <td>950.30</td> </tr> <tr> <td>Total:</td> <td>6,939.29</td> </tr> </tbody> </table> <p>The property is situated at Putuo District, which is predominantly a commercial area. Developments in the vicinity comprise mainly office developments such as Greentown Zhejie Changfeng Enterprise Centre and Xingguangyao Square.</p> <p>The land use rights of the property have been granted for a term due to expire on 27 December 2054 for commercial and office use.</p>	Use	GFA (sq m)	Office	5,988.99	Retail	950.30	Total:	6,939.29	<p>As at the Valuation Date, portions of the property with a total gross floor area of approximately 3,000.01 sq m were subject to various tenancies with the last term expiring in April 2028. The total monthly rent was approximately RMB321,500 (exclusive of VAT).</p> <p>Portions of the property with a total gross floor area of approximately 1,712.42 sq m were owner occupied. The remainder portion of the property was vacant.</p>	<p>RMB203,000,000 (RENMINBI TWO HUNDRED AND THREE MILLION)</p> <p>(100% interest attributable to the Group: RMB 203,000,000)</p>
Use	GFA (sq m)										
Office	5,988.99										
Retail	950.30										
Total:	6,939.29										

Notes:

- (1) According to 10 Shanghai Real Estate Ownership Certificates all issued by Shanghai Housing and Land Resources Administration Bureau dated 5 and 6 November 2009, the title to the property with a total gross floor area of 6,939.29 sq m was vested in Xingda International (Shanghai) Special Cord Co. Ltd. (興達國際(上海)特種簾線有限公司). Details of the Real Estate Ownership Certificates are as follows:

Certificate Nos	Land Use	Expiry Date	Gross Floor Area		Building Use
			(sq m)	Portion	
Hu Fang Di Pu Zi (2009) Di 035394	Commercial, Office and Leisure	27 December 2054	626.1	Unit 101	Retail
Hu Fang Di Pu Zi (2009) Di 035395	Commercial, Office and Leisure	27 December 2054	168.87	Unit 102	Retail
Hu Fang Di Pu Zi (2009) Di 035180	Commercial, Office and Leisure	27 December 2054	155.33	Unit 103	Retail
Hu Fang Di Pu Zi (2009) Di 035396	Commercial, Office and Leisure	27 December 2054	1,183.78	L2	Office
Hu Fang Di Pu Zi (2009) Di 035397	Commercial, Office and Leisure	27 December 2054	1,030.93	L3	Office
Hu Fang Di Pu Zi (2009) Di 035191	Commercial, Office and Leisure	27 December 2054	1,030.93	L4	Office
Hu Fang Di Pu Zi (2009) Di 035188	Commercial, Office and Leisure	27 December 2054	1,030.93	L5	Office
Hu Fang Di Pu Zi (2009) Di 035147	Commercial, Office and Leisure	27 December 2054	1,030.93	L6	Office
Hu Fang Di Pu Zi (2009) Di 034701	Commercial, Office and Leisure	27 December 2054	569.8	Unit 701	Office
Hu Fang Di Pu Zi (2009) Di 035124	Commercial, Office and Leisure	27 December 2054	111.69	Unit 702	Office
Total			6,939.29		

- (2) According to Business Licence No. 91310000792731388W on 27 December 2019, Xingda International (Shanghai) Special Cord Co. Ltd. (興達國際(上海)特種簾線有限公司) was established as a limited company with a registered capital of USD12,000,000 for a valid operation period from 15 September 2006 to 14 September 2036.
- (3) Pursuant to a tenancy agreement entered into between the Company and Jiangsu Xingda Steel Tyre Cord Co. Ltd. (江蘇興達鋼簾線股份有限公司), the Company agreed to sub-lease Level 5 of the property with a total gross floor area of 1,030.93 sq m for a term of one year from 1 November 2022 to 31 October 2023 at a monthly rent of RMB106,615.34 to Jiangsu Xingda Steel Tyre Cord Co. Ltd. (江蘇興達鋼簾線股份有限公司). As advised by the Company, Jiangsu Xingda Steel Tyre Cord Co. Ltd. (江蘇興達鋼簾線股份有限公司) is a 70.32% owned subsidiary of the Group. In accordance with Part 7 in VGN 3 of The HKIS Valuation Standards 2020 Edition published by the Hong Kong Institute of Surveyors, we have disregarded the existence of the aforesaid inter-company lease in the course of valuation and we have not taken into account the rental of the aforesaid lease in the valuation.
- (4) Pursuant to a tenancy agreement entered into between the Company and Xingda International (Shanghai) Special Cord Co. Ltd. (上海興達鋼簾線有限公司), the Company agreed to sub-lease Level 7 of the property with a total gross floor area of 681.49 sq m for a term of one year from 1 November 2022 to 31 October 2023 at a monthly rent of RMB70,477.42 to Xingda International (Shanghai) Special Cord Co. Ltd. (上海興達鋼簾線有限公司). As advised by the Company, Xingda International (Shanghai) Special Cord Co. Ltd. (上海興達鋼簾線有限公司) is a wholly owned

subsidiary of the Group. In accordance with Part 7 in VGN 3 of The HKIS Valuation Standards 2020 Edition published by the Hong Kong Institute of Surveyors, we have disregarded the existence of the aforesaid inter-company lease in the course of valuation and we have not taken into account the rental of the aforesaid lease in the valuation.

- (5) We have been provided with a legal opinion on the property prepared by the Company's legal adviser, which contains, inter alia, the following information:
- (a) Xingda International (Shanghai) Special Cord Co. Ltd. (興達國際(上海)特種簾線有限公司) has obtained the Real Estate Ownership Certificate of the property and is entitled to possess, use or transfer the property; and
- (b) the property is not subject to any mortgage.
- (6) Eric Fan, 22 years of experience in the valuation of properties in the PRC, inspected the property on 28 December 2022.
- (7) Breakdown of the Market Value of the property

Portion	Value as at Valuation Date
Level 1	RMB28,000,000
Level 2	RMB33,000,000
Level 3	RMB30,000,000
Level 4	RMB30,000,000
Level 5	RMB31,000,000
Level 6	RMB31,000,000
Level 7	RMB20,000,000

- (8) The status of the title and grant of major approvals and licences in accordance with the information provided by the Company are as follows:

Real Estate Ownership Certificate	Yes
Business Licence	Yes

- (9) Our key assumptions of the valuation are:

Average Market Monthly Rent <i>(per sq m)</i>	Capitalization Rate
Retail: RMB165	5.25%
Office: RMB146	4.50%

In undertaking our valuation, we have made reference to lettings within the subject property as well as other similar properties within the same and neighboring districts.

We have gathered and analysed the rate of return of relevant market segment which justifies a yield of approximately 5.0%-5.5% and 4.4%-4.6% for retail and office premises respectively.

The above market rent assumed by us is consistent with the relevant comparables after due adjustments. The capitalisation rate adopted is reasonable having regard to the analysed yields.

VALUATION REPORT

Group II – Property interests held by the Group for owner-occupation in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2022
2. An industrial premise, East of Yong'an Road, North of Shengtong Road, South of Qigong Road, Daozhuang Town, Guangrao District, Dongying City, Shandong Province, the PRC	<p>The property comprises an industrial complex erected on various parcels of land with a total site area of approximately 548,817 sq m.</p> <p>The industrial complex is a large-scale development developed in 2 phases. It comprises various completed buildings and structures with a total a total gross floor area of approximately 386,392.30 sq m completed in during 2015 and 2022 with building ages up to 7 years and two buildings which are currently under construction and expected to complete in March 2023.</p>	As at the Valuation Date, the completed portion of the property was occupied by the Company for industrial use whilst the remainder of the property was under construction and estimated to complete in March 2023.	<p>RMB 1,263,000,000 (RENMINBI ONE BILLION TWO HUNDRED AND SIXTY THREE MILLION)</p> <p>70.32% interest attributable to the Group: RMB 888,141,600</p>

中國山東省東營市
廣饒區稻莊鎮永安
路以東、盛通路以
北、綦公路以南的
一處工業物業

Details summarized as follows:

Building	GFA (sq m)
Phase IA	92,328.70
Phase IB	98,624.18
Phase II	<u>195,439.42</u>
Total	386,392.30

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2022
	Proposed Building	GFA <i>(sq m)</i>	
	Phase II – Factory 3	40,344.20	
	Phase II – Supporting Workshop	<u>2,627.80</u>	
	Total	42,972.00	

The property is situated in a Industrial area in Guangrao District, Dongying City, with complete infrastructure. There are several completed industrial projects around the property. Public transport is readily available in the area. Access to the other districts is further enhanced by public transportation. The property is for Industrial use, there is no environmental issues and litigation dispute.

The land use rights of the property have been granted for various terms for industrial use.

Please see Note (1).

Notes:

- (1) According to 7 Real Estate Ownership Certificates all issued by Guangrao Bureau of Natural Resources and Planning , the land use rights of the property with a total site area of 548,817 sq m were granted to Shandong Xingda Steel Cord Co. Ltd. (山東興達鋼簾線有限公司) for industrial use, Details are as follows:

Certificate No.	Use	Expiry Date	Site Area (sq m)
Guang guo yong (2014) No. 113	Industrial	22 September 2062	233,216
Lu (2018) Guangrao Budong chanquan No. 0001338	Industrial	29 September 2067	33,786
Lu (2018) Guangrao Budong chanquan No.0006909	Industrial	25 February 2068	17,933
Lu (2018) Guangrao Budong chanquan No.0006851	Industrial	25 February 2068	20,000
Lu (2021) Guangrao Budong chanquan No.0026736	Industrial	22 November 2068	52,673
Lu (2021) Guangrao Budong chanquan No.0026753	Industrial	29 September 2069	98,188
Lu (2021) Guangrao Budong chanquan No.0082975	Industrial	29 December 2071	93,021
Total			548,817

- (2) According to 3 Building Ownership Certificate, the building ownership of the property with a total gross floor area of 92,328.70 sq m, have been vested in Shandong Xingda Steel Cord Co. Ltd. (山東興達鋼簾線有限公司) for industrial use, Details are as follows:

Certificate No.	Uses	Gross Floor Area (sq m)
No. 20163021	Workshop	6,367.15
		1,978.28
		5,430.93
No. 20163022	Workshop	8,322.47
		8,322.47
No. 20163023	Workshop	2,002.95
		31,161.85
Total		28,742.60
Total		92,328.70

- (3) According to 6 Planning Permit for Construction Use of Land issued by Guangrao Housing and Urban Rural Planning and Construction Bureau, the construction site of the property with a total site area of approximately 315,601 sq m is in compliance with the urban planning requirements.

- (4) According to Planning Permit for Construction Works No. 370523202200026 issued by Guangrao Administrative Examination and Approval Service Bureau, the construction works of a development with a total gross floor area of approximately 238,411.42 sq m are in compliance with the construction works requirements and have been approved.

- (5) According to Permit for Commencement of Construction Works No. 370523202211150101 issued by Guangrao Administrative Examination and Approval Service Bureau, the construction works of the development with a total gross floor area of approximately 238,411.42 sq m are in compliance with the requirement for works commencement and have been permitted.
- (6) According to Business Licence No. 913705005754828133 on 27 June 2011, Shandong Xingda Steel Cord Co. Ltd. (山東興達鋼索有限公司) was established as a limited company with a registered capital of RMB579,700,000 for a valid operation period from 27 June 2011 to 26 June 2031.
- (7) As advised by the Company, Shandong Xingda Steel Cord Co. Ltd. (山東興達鋼索有限公司) is a 70.32% owned subsidiary of the Group.
- (8) As advised by the Company, portion of the completed buildings with a total gross floor area of approximate 98,624.18 sq m are pending for Building Ownership Certificates from the Government.
- (9) According to the information provided by the Company, for the portion of the property which is under construction, the incurred construction cost as at the Valuation Date was approximate RMB143,957,596. The estimated total construction cost was RMB159,411,316. In the course of our valuation, we have taken into account for such costs.
- (10) The development value of the under development portion of the property as if completed as at Valuation Date was RMB159,000,000.
- (11) We have been provided with a legal opinion on the property prepared by the Company's legal adviser, which contains, inter alia, the following information:
- (a) Shandong Xingda Steel Cord Co. Ltd. (山東興達鋼索有限公司) has obtained Building Ownership Certificate and Real Estate Ownership Certificate for portion of the property and is entitled to possess, use or transfer the said portion; and the said portion of the property is not subject to any mortgage; and
- (b) the Group has obtained certain construction permits for the buildings which have not obtained Building Ownership Certificate. There is no material legal obstacles for the Group to possess or use the said portion, unless the said portion is ordered to be dismantled by the relevant governmental authority.
- (12) Min Hao, 10 years of experience in the valuation of properties in the PRC, inspected the property on 17 December 2022.
- (13) The average unit rate of industrial land parcels in the locality as at the Valuation Date is in the range of RMB353 per sq m to RMB357 per sq m.
- (14) Breakdown of the Market Value of the property

Portion	Value as at Valuation Date
Land	RMB191,000,000
Completed Buildings	RMB928,000,000
Buildings Under Development	RMB144,000,000

- (15) The status of the title and grant of major approvals and licences in accordance with the information provided by the Company are as follows:

Real Estate Ownership Certificate	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Construction Works	Yes
Building Ownership Certificate	Yes
Business Licence	Yes

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2022
<p>3. An industrial premise, No.88 Renmin West Road, Dainan Town, Xinghua City, Taizhou City, Jiangsu Province, the PRC</p> <p>中國江蘇省泰州市興化市戴南鎮人民西路第88號的一處工業物業</p>	<p>The property comprises a large-scale industrial complex erected on various parcels of land with a total site area of 1,587,261 sq m. It comprises various completed buildings and structures including workshops, warehouses, office, apartment residence and staff quarters, canteen, conference center, research building, swimming pool and other ancillary facilities with a total gross floor area of approximately 1,038,933 sq m completed in during 1998 and 2018 with building ages of about 4 to 24 years.</p> <p>Three buildings (A workshop, a 220KV substation and an office building) with a total proposed gross floor area of approximately 38,457 sq m are currently under construction, expected to complete in 2023 to January 2024.</p>	<p>As at the Valuation Date, the completed portion of the property was occupied by the Company for industrial use whilst the remainder of the property was under construction and estimated to complete in January 2023 to January 2024.</p>	<p>RMB2,047,000,000 (RENMINBI TWO BILLION AND FORTY SEVEN MILLION)</p> <p>73.29% interest attributable to the Group: RMB 1,500,294,400</p>

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2022
	<p>The property is situated in a west area in Dainan Town, Xinghua City, with complete infrastructure. The immediate locality generally comprises industrial developments. Public transport is readily available in the area. Access to the other districts is further enhanced by Dainan Avenue and Renmin Road. The property is for industrial use, there is no environmental issues and litigation dispute.</p> <p>The land use rights of the property have been granted for various uses.</p> <p>Please see Note (1) and Note (2).</p>		

Notes:

- (1) According to 16 Real Estate Ownership Certificates all issued by Xinghua Bureau of Natural Resources and Planning, the real estate ownership of portion of the property with a total site area of 1,390,376.71 sq m and a total gross floor area of 805,103.18 sq m were vested in Jiangsu Xingda Steel Tyre Cord Co. Ltd. (江蘇興達鋼簾線股份有限公司) for various uses. Details are as follows:

Certificate No.	Land Use	Land Use Term Expiry Date	Site Area (sq m)	Gross Floor Area (sq m)
(2020)0017917	Industrial	23 January 2050	25,942.00	13,305.11
		24 January 2058	2,592.00	
		27 February 2070	304.80	
		27 February 2070	495.40	
(2020)0017870	Industrial	23 January 2050	21,123.00	14,990.19
		27 February 2070	1,933.90	
(2020)0019124	Industrial	30 October 2055	230,000.00	151,622.47
		27 February 2070	50,503.60	
		04 August 2069	9,696.10	
(2020)0022824	Industrial	27 February 2070	101,706.21	141,233.19
		1 January 2053	67,867.20	
		17 September 2053	5,554.00	
		16 May 2051	29,255.10	
		6 April 2054	5,043.50	
		23 January 2050	27,784.80	
		17 September 2053	143,935.80	
27 February 2070	6,517.70			
(2020)0017792	Commercial	8 July 2049	10,311.10	12,989.50
		27 February 2060	3,044.70	
(2020)0017877	Industrial	23 January 2050	29,928.90	257,533.01
		22 November 2058	305,483.80	
		27 February 2070	11,458.80	
		28 August 2064	20,049.60	
(2020)0017871	Industrial	11 January 2058	13,024.00	4,203.40
		27 February 2070	2,958.40	
(2020)0012485	Industrial	27 February 2070	5,666.50	/
(2019)0022480	Residential	17 September 2073	7,243.40	15,976.98
(2020)0017755	Residential	24 June 2078	17,438.90	25,428.67
(2020)0017770	Industrial	23 January 2050	13,366.20	28,339.09
(2020)0017782	Commercial	8 July 2049	9,272.10	5,021.90
(2020)0017785	Industrial	16 May 2051	46,872.90	22,533.28
(2022)0009500	Industrial	14 March 2072	21,218.70	/
(2021)0005244	Industrial	7 March 2071	142,783.60	/
Total			1,390,376.71	805,103.18

- (2) According to 2 Real Estate Ownership Certificates both issued by Xing hua Bureau of Natural Resources and Planning, the real estate ownership of portion of the property with a total site area of 196,884.00 sq m and a total gross floor area of 106,283.19 sq m were vested in Taizhou Xingda Special Wire Rope Co. Ltd. (泰州興達特種鋼絲繩有限公司) for industrial use. Details are as follows:

Certificate No.	Land Use	Land Use Term Expiry Date	Site Area (sq m)	Gross Floor Area (sq m)
(2020)0203297	Industrial	14 March 2072	50,375.30	12,158.20
(2021)0001660	Industrial	9 March 2071	146,508.70	94,124.99
Total			196,884.00	106,283.19

- (3) As advised by the Company, portion of the property with a total gross floor area of 39,235.94 sq m was built across the site boundary of the property and not included in any title documents.
- (4) In the valuation of the property, we have ascribed no commercial value for the above-mentioned portion of the property.
- (5) According to Real Estate Ownership Certificate No. (2019)0017749, the land use rights of allocated nature of portion of the property with a site area of 8,058.10 sq m and a total gross floor area of 14,951.78 sq m has been vested in Jiangsu Xingda Steel Tyre Cord Co. Ltd. for residential use.
- (6) In the valuation of the property, we have ascribed no commercial value for the above-mentioned portion of the property due to the non-assignment restriction of allocated land nature of the said portion.
- (7) According to 2 Planning Permits for Construction Use of Land No. 321281202100030 and No. 321281202200044 issued by the Natural Resources and Planning Bureau of Xinghua City, the construction site of the property with a total site area of approximately 164,002.30 sq m is in compliance with the urban planning requirements.
- (8) According to 4 Planning Permits for Construction Works issued by the Natural Resources and Planning Bureau of Xinghua City, the construction works of the development with a total gross floor area of approximately 151,447.84 sq m are in compliance with the construction works requirements and have been approved.

Certificate No.	Uses	Floor Area (sq m)
321281202100045	Factory	112,594.59
321281202100132	Office building	2,523.15
321281202100119	220KV substation	6,054.20
321281202200076	Workshop	30,275.90
Total		151,447.84

- (9) According to 4 Permits for Commencement of Construction Works issued by the People's Government of Dainan Town, Xinghua City, the construction works of the development with a total gross floor area of approximately 151,051.21 sq m are in compliance with the requirement for works commencement and have been permitted.

Certificate No.	Uses	Floor Area (sq m)
321281202103180101	Factory	112,594.59
321281202203150101	Office Building	2,115.30
321281202202230101	220KV substation	6,065.42
321281202207070101	Warehouse	30,275.90
Total		151,051.21

- (10) According to Business Licence No.913200001426505355 on 27 March 1998, Jiangsu Xingda Steel Tyre Cord Co. Ltd. (江蘇興達鋼簾線股份有限公司) was established as a limited company with a registered capital of RMB2,862,262,865 for a valid operation period from 27 March 1998.
- (11) As advised by the Company, Jiangsu Xingda Steel Tyre Cord Co. Ltd. (江蘇興達鋼簾線股份有限公司) is a 70.32% owned subsidiary of the Group.

- (12) As advised by the Company, Taizhou Xingda Special Wire Rope Co. Ltd. (泰州興達特種鋼絲繩有限公司) is a wholly-owned subsidiary of the Group.
- (13) According to Construction Work Completion Permit, the construction works of a factory of 112,594.59 sq m was completed on 10 January 2022.
- (14) According to Business Licence No.91321281MA22K6JF1W on 27 September 2020, Taizhou Xingda Special Wire Rope Co. Ltd. (泰州興達特種鋼絲繩有限公司) was established as a limited company with a registered capital of RMB1,039,504,195 for a valid operation period from 27 September 2020 to 26 September 2050.
- (15) According to the information provided by the Company, for the portion of the property which is under construction, the incurred construction cost as at the Valuation Date was approximate RMB58,250,000. The estimated total construction cost was RMB95,000,000. In the course of our valuation, we have taken into account for such costs.
- (16) The development value of the under development portion of the property as if completed as at Valuation Date was RMB95,000,000.
- (17) We have been provided with a legal opinion on the property prepared by the Company's legal adviser, which contains, inter alia, the following information:
- (a) Jiangsu Xingda Steel Tyre Cord Co. Ltd. (江蘇興達鋼簾線股份有限公司) and Taizhou Xingda Special Wire Rope Co. Ltd. (泰州興達特種鋼絲繩有限公司) have obtained Real Estate Ownership Certificates for the assignment of land use rights and the building ownership of portion of the property and is entitled to possess, use or transfer the said portion; and the said portion of the property is not subject to any mortgage;
- (b) the Group has obtained Real Estate Ownership Certificate for the allocation of land use rights and the building ownership of portion of the property. There is no material legal obstacles for the Group to possess or use the said portion, unless the said land is ordered to be returned by the relevant governmental authority; and
- (c) the Group has obtained certain construction permits for the buildings which have not obtained Building Ownership Certificate. There is no material legal obstacles for the Group to possess or use the said portion, unless the said portion is ordered to be dismantled by the relevant governmental authority.
- (18) Rong'an Zhou, 2 years of experience in the valuation of properties in the PRC, inspected the property on 30 December 2022.
- (19) The average unit rate of industrial land parcels in the locality as at the Valuation Date is in the range of RMB278 per sq m to RMB287 per sq m.
- (20) Breakdown of the Market Value of the property

Portion	Value as at Valuation Date
Land	RMB416,000,000
Completed Buildings	RMB1,573,000,000
Buildings Under Development	RMB58,000,000

- (21) The status of the title and grant of major approvals and licences in accordance with the information provided by the Group are as follows:
- | | |
|---|-----|
| Real Estate Ownership Certificate | Yes |
| Grant Contract of State-owned Land Use Rights | Yes |
| Planning Permit for Construction Use of Land | Yes |

Planning Permit for Construction Works	Yes
Permit for Commencement of Construction Works	Yes
Business Licence	Yes
Construction Work Completion Permit	Yes

VALUATION REPORT

Group III – Property interests held by the Group for owner-occupation in Thailand

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2022
4. An industrial premise, WHA Eastern Seaboard Industrial Estate 2, Chachoengsao-Rayong Road (Highway No.331), Klong Kiew Subdistrict, Ban Bueng District, Chonburi Province, Thailand	The property comprises of a parcel of land with total site area of approximately 165,124.40 sq m on which a warehouse, office, canteen and other improvements were constructed in 2020. The building age is about 2 years. The property has a total gross floor area of approximately 110,914.00 sq m. Details summarized as follows.	As at the Valuation Date, the property was occupied by the Company for industrial use.	THB3,618,200,000 (THAI BAHT THREE BILLION SIX HUNDRED EIGHTEEN MILLION AND TWO HUNDRED THOUSAND) 70.32% interest attributable to the Group: THB 2,544,318,240
泰國 春武里府 班邦縣 Klong Kiew分區 差春騷－羅勇路 (331號高速公路) WHA偉華東海岸 工業區二區 一處工業物業	Type of property	GFA (sq m)	
	Product Storage	14,280.00	
	Strand Workshop	22,860.00	
	Water Tank		
	Workshop	26,416.00	
	Electroplating		
	Workshop	43,032.00	
	Office Building	2,636.00	
	Canteen Building	1,690.00	
	Total:	<u>110,914.00</u>	
	Other		
	Improvement	<u>36,884.00</u>	
	Total Building and Improvements	147,798.00	

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2022
	<p>The property located inside WHA Eastern Seaboard Industrial Estate 2. The property is situated in an existing industrial area where infrastructure is provided. The immediate locality generally comprises low rise industrial facilities. Public transport is moderately available in the area. Public transport is available in the area. Access to the other districts is further enhanced by Chachoengsao-Rayong Road (Highway No.331).</p> <p>The property is held in freehold.</p>		

Notes:

- (1) Our title searches at the Chonburi Land Department Office Provincial at Banbueng District Branch revealed a legal description of the subject land plot under valuation as follows:

Title Deed No.	Lot No.	Surveyed No.	Rai	Area		Sq wah
				Ngan		
54396	92	12108	71	3		67.50
57159	112	12506	31	1		13.60

The total land area is 165,124.40 sq m.

Conversion of Area Measurement

1 rai = 4 ngan = 400 sq wah

1 sq wah = 4 sq m

Tenure:	Freehold interest
Place Registered:	Banbueng district administrative office
Registered Owner:	Xingda Steel Cord (Thailand) Co. Ltd.
Encumbrance(s):	None

- (2) The property is zoned for Purple Zone (Special Economic Encouragement for Industrial Business Area).

- (3) According to the information provided by the Company, the total incurred cost for portion of the completed improvement works of the property was approximately THB56,600,000.
- (4) As advised by Company, Xingda Steel Cord (Thailand) Co. Ltd. is a 70.32% owned subsidiary of the Group.
- (5) Noppadon Srithiamthong, over 20 years of experience in the valuation of properties in Thailand, inspected the property on 22 December 2022.
- (6) The average unit rate of industrial land parcels in the locality as at the Valuation Date is in the range of THB3,550,000 per Rai to THB3,750,000 per Rai.
- (7) Breakdown of the Market Value of the property

Portion	Value as at Valuation Date
Land	THB381,850,000 (Approximately RMB 77,324,625)
Completed Buildings	THB3,236,350,000 (Approximately RMB 655,360,875)

- (8) The status of the title and grant of major approvals and licences in accordance with the information provided by the Company are as follows:

Land Title Deeds	Yes
Construction Permit	Yes

VALUATION REPORT

Group III – Property interest held by the Group for owner-occupation in Thailand

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2022
5. Residential condominium/apartment, Mab San Sook Soi 8 (public road) which connect to Chachoengsao-Rayong Road (Highway No.331), Khao Khansong Subdistrict, Sriracha District, Chonburi Province, Thailand	The property comprises a plot of freehold land, which is registered on a title deed with a total area of 7 rai 2 ngan 46.80 sq wah (3,046.80 sq wah or 12,187.20 sq m) with 2 residential buildings with total gross floor area (GFA) of 4,475.20 sq m and total net floor area (NLA) of 2,108.20 sq m and other improvements for owner occupation which is intended to facilitate staff accommodation completed in 2022 with building age less than 1 year. It has the gross floor area of approximately 4,475.20 sq m.	As at the Valuation Date, the property was occupied by the Company for staff residence.	THB156,840,000 (THAI BAHT ONE HUNDRED FIFTY SIX MILLION AND EIGHT HUNDRED FORTY THOUSAND) 70.32% interest attributable to the Group: THB 110,289,888
泰國 春武里府 是拉差縣 Khao Khansong分區 差春騷－羅勇路 (331號高速公路) 連接Mab San Sook Soi 8 (公共道路) 一處住宅公寓／公 寓			
		GFA (sq m)	
	Floor	Building A	Building B
	B2	99.00	
	B1	0.00	
	1 st	648.00	288.00
	2 nd	620.60	290.40
	3 rd	620.60	
	4 th	620.60	
	5 th	644.00	
	6 th	644.00	
	Total:	3,896.80	578.40

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2022
	<p>The property is situated in a mixed of moderate industrial and community area where infrastructure is provided. The surrounding is industrial, residential and golf course area. Public transport is available in the area. Access to the other districts is further enhanced by Chachoengsao-Rayong Road (Highway No.331).</p> <p>The property is held in freehold.</p>		

Notes:

- (1) Our title searches at the Chonburi Land Department Office Provincial at Sriracha District Branch revealed a legal description of the subject land plot under valuation as follows:

Title Deed No.	Lot No.	Surveyed No.	Area		Sq wah
			Rai	Ngan	
91834	160	2927	7	2	47.00

The total land area is 12,187.20 sq m.

Conversion of Area Measurement

1 rai = 4 ngan = 400 sq wah

1 sq wah = 4 sq m

Tenure:	Freehold interest
Place Registered:	Sriracha district administrative office
Registered Owner:	Xingda Steel Cord (Thailand) Co. Ltd.
Encumbrance(s):	None

- (2) The property is zoned for Light Purple with White Sport Zone (Industrial Development Area).
- (3) As advised by the Company, the book classification of the property is under development as at the Valuation Date since the property is still pending for final settlement. We have been provided with the incurred cost of the property by the Company, which is approximately THB144,860,000.
- (4) As advised by Company, Xingda Steel Cord (Thailand) Co. Ltd. is a 70.32% owned subsidiary of the Group.

- (5) Breakdown of the Market Value of the property

Portion	Value as at Valuation Date
	THB26,660,000
Land	(Approximately RMB 5,398,650)
	THB130,180,000
Completed Buildings	(Approximately RMB 26,361,450)

- (6) Tatchada Supakornpichan, over 20 years of experience in the valuation of properties in Thailand, inspected the property on 22 December 2022

- (7) The average unit rate of residential land parcels in the locality as at the Valuation Date is in the range of THB3,009,751 per Rai to THB3,795,000 per Rai.

- (8) The status of the title and grant of major approvals and licences in accordance with the information provided by the Company are as follows:

Land Title Deeds	Yes
Construction Permit	Yes