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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. Hang Youming
Mr. Wang Jin
Ms. Wang Yu

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
Ms. Xu Chunhua
Ms. Zhang Guoyun

Principal place of business in Hong Kong:

Unit S03, 7/F, Low block,
Grand Millennium Plaza,
181 Queen's Road Central,
Central, Hong Kong

25 October 2024

To the Independent Shareholders

Dear Sir or Madam,

**VOLUNTARY CONDITIONAL CASH OFFER BY
SHENWAN HONGYUAN CAPITAL (H.K.) LIMITED
ON BEHALF OF GREAT TRADE LIMITED
TO ACQUIRE ALL OF THE ISSUED SHARES OF
XINGDA INTERNATIONAL HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED BY OR TO BE ACQUIRED BY
GREAT TRADE LIMITED AND PARTIES ACTING IN CONCERT WITH IT)**

1. INTRODUCTION

Reference is made to the Joint Announcement in relation to, among other things, the Offer, pursuant to which it was announced that Shenwan Hongyuan will, on behalf of the Offeror, make voluntary conditional cash offer in compliance with the Takeovers Code to acquire all the issued Shares (other than those already owned by or to be acquired by the Offeror and the Offeror Concert Parties) at the Offer Price of HK\$1.30 per Offer Share.

The purpose of this Composite Document is to provide you with, among other things:

- (a) information relating to the Group and the Offeror;
- (b) further information regarding the terms and procedures of the Offeror;
- (c) a letter from Shenwan Hongyuan containing, among other things, details of the Offer;
- (d) a letter from the Independent Board Committee containing its recommendation to Independent Shareholders; and
- (e) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee in relation to the Offer.

2. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, which comprises Mr. Koo Fook Sun, Louis, Ms. Xu Chunhua and Ms. Zhang Guoyun, being all the independent non-executive Directors, has been established by the Board to make a recommendation to the Independent Shareholders as to whether the Offer is fair and reasonable and as to acceptance of the Offer. As at the date of this letter, independent non-executive directors of the Company are Mr. Koo Fook Sun, Louis, Ms. Xu Chunhua and Ms. Zhang Guoyun, the executive directors are Mr. Liu, Mr. Liu Xiang, Mr. Hang Youming, Mr. Wang Jin and Ms. Wang Yu. Each of Mr. Liu, Mr. Liu Xiang and Mr. Hang Youming, interested and deemed to be interested in 37.03% of the total issued share capital of the Company, is a Offeror Concert Party and will not express his views on the Offer. In forming the Independent Board Committee comprising all of the independent non-executive Directors, the Company wishes to ensure that Independent Shareholders will be advised by a committee of independent directors.

In addition, as approved by the Independent Board Committee, an independent financial adviser, BaoQiao Partners Capital Limited, has been appointed to advise the Independent Board Committee in respect of the Offer.

3. THE OFFER

Consideration for the Offer

As set out in the “Letter from Shenwan Hongyuan” on pages 7 to 18 of this Composite Document, Shenwan Hongyuan will, for and on behalf of the Offeror and in compliance with the Takeovers Code, make a voluntary conditional cash offer to acquire all the Offer Shares on the following terms:

For each Offer Share HK\$1.30 in cash

As at the Latest Practicable Date, the Company has 1,920,125,199 Shares in issue. Save for 16,099,667 Award Shares awarded to the grantees under the Share Award Scheme which remain unvested as at the Latest Practicable Date, the Company does not have any other outstanding options, derivatives, warrants or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) which are convertible or exchangeable into Shares, nor has it entered into any agreement for the issue of such options, derivatives, warranties, securities which are convertible or exchangeable into Shares as at the Latest Practicable Date.

The Directors confirm that, as at the Latest Practicable Date, the Company has not declared and does not intend to declare or pay any dividend or make other distributions, the record date of which falls (i) on or after the Latest Practicable Date and (ii) on or before the close or lapse of the Offer.

The details of the total value of the Offer are set out in the section headed “Value of The Offer” in the “Letter from Shenwan Hongyuan” in this Composite Document.

Further details of the Hong Kong stamp duty in connection with the acceptance of the Offer are set out in the paragraph headed “1. Procedures for Acceptance of the Offer” in the Appendix I titled “Further Terms and Procedures of Acceptance of the Offer” to this Composite Document. Details of the payment of cash consideration for the acceptance of the Offer are set out in the paragraph headed “2. Settlement” in the Appendix I titled “Further Terms and Procedures of Acceptance of the Offer” to this Composite Document.

4. CONDITION OF THE OFFER

The Offer is conditional upon valid acceptances of the Offer having been received (and where permitted, not withdrawn) on or before 4:00 P.M. on the Closing Date (or such later time or date as the Offeror may, subject to the Takeovers Code, decide) in respect of the Offer Shares, which together with the Shares already held by the Offeror and the Offeror Concert Parties, would result in the Offeror and the Offeror Concert Parties holding more than 50% of the voting rights of the Company as at the Closing Date.

Further details of the Offer including the terms and conditions, the procedures for acceptance and settlement and the acceptance period are set out in the “Letter from Shenwan Hongyuan” and Appendix I titled “Further Terms and Procedures of Acceptance of the Offer” to this Composite Document and the accompanying Form of Acceptance.

5. SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company as at the Latest Practicable Date is as follows:

Name of Shareholders	As at the Latest Practicable Date	
	Number of Shares (Note 13)	Approximate % (Note 12)
Offeror	383,543,003	19.97
Mr. Liu (Notes 1&2)	49,039,275	2.55
In-Plus (Notes 1&3)	155,114,000	8.08
Mr. Liu Xiang (Notes 1&4)	20,023,868	1.04
Wise Creative (Notes 1&5)	87,735,999	4.57
Mr. Hang Youming (Notes 1&6)	10,000,001	0.52
Widen Success (Notes 1&7)	5,500,000	0.29
Subtotal of the Offeror and the Offeror Concert Parties	710,956,146	37.03
Wang Jin (Note 8)	920,000	0.05
Koo Fook Sun Louis (Note 9)	510,824	0.03
Xu Chunhua (Note 11)	50,000	0.003
Subtotal of other Directors	1,480,824	0.08
Trustee (Note 10)	2,139,665	0.11
Other public Shareholders	1,205,548,564	62.78
Total	1,920,125,199	100

Notes:

- On 24 September 2024, Mr. Liu, Mr. Liu Xiang, Mr. Hang Youming, Mr. Liu Tao, the Offeror, In-Plus, Wise Creative and Widen Success entered into the 2024 Concert Parties Deed, pursuant to which, the parties confirmed they are and will be acting in concert with the Offeror in the control and management of the Group with the Offeror, including in the exercise of their voting rights in any meetings of the Company. Mr. Liu Xiang and Mr. Liu Tao are sons of Mr. Liu and Mr. Hang Youming is son-in-law of Mr. Liu. Each of Mr. Liu, Mr. Liu Xiang, Mr. Hang Youming, Mr. Liu Tao, In-Plus, Wise Creative and Widen Success is therefore an Offeror Concert Party. Mr. Liu, Mr. Liu Xiang and Mr. Hang Youming are Directors.
- The Offeror is wholly-owned by Mr. Liu who in turn, being a party to the 2024 Concert Parties Deed, is an Offeror Concert Party. Mr. Liu 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 will become interested in a further 5,425,000 Shares.
- In Plus is a company incorporated in the British Virgin Islands with limited liability and its sole shareholder and sole director is Mr. Liu Xiang, a son of Mr. Liu.

4. Mr. Liu Xiang, who is a son of Mr. Liu, 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.
5. Wise Creative is a company incorporated in the British Virgin Islands with limited liability and its sole shareholder and sole director is Mr. Hang Youming, son-in-law of Mr. Liu.
6. Mr. Hang Youming, who is the son-in-law of Mr. Liu, 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.
7. Widen Success is a company incorporated in the British Virgin Islands with limited liability and its sole shareholder and sole director is Mr. Liu Tao, a son of Mr. Liu.
8. Mr. Wang Jin is an executive Director and 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. Wang Jin will become interested in a further 325,000 Shares.
9. Mr. Koo Fook Sun, Louis is an independent non-executive Director and 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.
10. As at the Latest Practicable Date, the Trustee held 2,139,665 Shares for the Share Award Scheme. The Shares held by the Trustee will be subject to the Offer but given the Trustee holds Shares for the purpose of the Share Award Scheme, the Company does not intend to give any instruction to the Trustee to accept the Offer.
11. Ms. Xu Chunhua is an independent non-executive Director.
12. The percentage figures are subject to rounding adjustments and, accordingly, figures shown in total in the above table may not be an arithmetic aggregation of the figures preceding them.
13. 383,543,003 Shares held by the Offeror comprise 280,270,933 Shares beneficially owned by Mr. Liu (the sole shareholder and sole director of the Offeror) and 103,272,070 Shares held by the Offeror but ultimately beneficially owned by the other members of Employee Shareholding Committee (excluding Mr. Liu), which includes the 54,438,120 Shares mentioned in the section headed "Reasons for and Benefit of the Offer" in this Composite Document. 155,114,000 Shares held by In-Plus comprise 86,254,840 Shares beneficially owned by Mr. Liu Xiang (the sole shareholder and sole director of In-Plus) and 68,859,160 Shares held by In-Plus but ultimately beneficially owned by the other members of Employee Shareholding Committee (excluding Mr. Liu Xiang).

As at the Latest Practicable Date, there are 16,099,667 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, 325,000 and 217,000 Award Shares which remain unvested were granted to Mr. Liu, Mr. Liu Xiang, Mr. Hang Youming, Mr. Wang Jin 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 holds 2,139,665 Shares for satisfying the unvested share awards granted to the grantees.

6. INFORMATION 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 manufacturing of radial tire cords, bead wires and other wires (the “**Products**”) in the PRC and Thailand, and the sale of the Products in the PRC, India, Thailand, the United States of America, Slovakia, Brazil, South Korea, Indonesia and other countries.

Financial and general information of the Group is set out in the Appendix II titled “Financial Information of the Group” and Appendix IV titled “General Information of the Group” to this Composite Document. The property valuation of the Group is set out in the Appendix V titled “Property Valuation Report” to this Composite Document.

7. INFORMATION OF THE OFFEROR AND INTENTION OF THE OFFEROR IN RELATION TO THE GROUP

Information of the Offeror is set out in the section headed “Information of the Offeror” in the “Letter from Shenwan Hongyuan” in this Composite Document.

The Board noted the stated intentions of the Offeror in relation to the Group set out in the section headed “Intention of the Offeror in relation to the Group” in the “Letter from Shenwan Hongyuan” in this Composite Document, among which the Offeror has no intention to introduce any major changes to the existing business and operation and of the Group, nor does it have any intention, understanding, negotiation or arrangement (concluded or otherwise) to downsize, cessation or dispose of existing business of the Group. It is open to working with the Offeror in reviewing the structure, operation and business of the Group to enhance and strengthen its business.

8. PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares (excluding treasury 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) that there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend dealings in the Shares.

The Board noted that the Offeror intends the Company to remain listed on the Stock Exchange. The sole director of the Offeror will undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

9. REASONS FOR AND BENEFIT OF THE OFFER

Your attention is drawn to the section headed “Reasons for and Benefit of the Offer” in the “Letter from Shenwan Hongyuan” in this Composite Document.

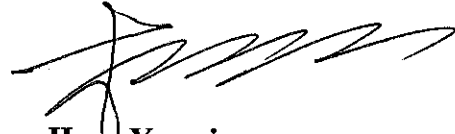
10. RECOMMENDATION AND ADDITIONAL INFORMATION

The recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Offer is set out in the “Letter from the Independent Board Committee” in this Composite Document. The advice from BaoQiao Partners Capital Limited to the Independent Board Committee in relation to the Offer and the principal factors considered by BaoQiao Partners Capital Limited in arriving at its advice are set out in the “Letter from Independent Financial Adviser” in this Composite Document.

Additional information is also set out in the appendices to this Composite Document. You are recommended to read carefully Appendix I titled “Further Terms and Procedures of Acceptance of the Offer” to this Composite Document and the accompanying Form of Acceptance for further details in respect of the procedures for acceptance of the Offer.

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

By order of the Board
Xingda International Holdings Limited

A handwritten signature in black ink, consisting of several fluid, connected strokes that form a stylized representation of the name Hang Youming.

Hang Youming
Executive Director