

25 October 2024

*To the Independent Shareholders,*

**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)**

**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 a 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.

This letter forms part of this Composite Document and sets out, among other things, details of the Offer, the reasons for making the Offer, the intention of the Offeror in respect of the Group and certain background information of the Offeror. Further details on the terms of the Offer are set out in Appendix I to this Composite Document and the Form of Acceptance.

Independent 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 consult their professional advisers before reaching a decision as to whether or not to accept the Offer.

**THE OFFER**

On 4 September 2024, the Offeror notified the Company that it has firm intention to make the Offer (in compliance with the Takeovers Code) through Shenwan Hongyuan to acquire all the Shares not already owned by the Offeror and the Offeror Concert Parties at the Offer Price of HK\$1.30 per Offer Share.

The Offer is subject to the satisfaction of the Condition as set out in the section headed “Condition of the Offer” in this letter.

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.

As at the Latest Practicable Date, the Offeror and the Offeror Concert Parties are interested in 710,956,146 Shares, representing approximately 37.03% of the total issued share capital of the Company.

### **Principle terms of the Offer**

Shenwan Hongyuan, for and on behalf of the Offeror and in compliance with the Takeovers Code, makes a voluntary conditional cash offer to acquire all the Offer Shares on the following terms:

For each Offer Share . . . . . HK\$1.30 in cash

All the Offer Shares to be acquired under the Offer shall be (i) fully-paid; (ii) free from mortgage, charge, pledge, lien (otherwise than arising by statutes or operation of law), equities or other third party rights and interests of any nature; and (iii) with all rights attached to the Shares including all rights to any dividends and other distributions hereafter declared, paid or made in respect thereof as at the Closing Date or subsequently becoming attached to them, including the right to receive or retain all dividends and other distributions, if any, the record date in respect of which falls on or after the Closing 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.

### **COMPARISON OF VALUE**

The Offer Price of HK\$1.30 per Offer Share represents:

- (a) a premium of approximately 0.78% over the closing price of HK\$1.29 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) equals to the closing price of HK\$1.30 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (c) a premium of approximately 0.78% over the average closing price of HK\$1.29 per Share as quoted on the Stock Exchange for the five (5) trading days up to and including the Last Trading Day;
- (d) a premium of approximately 1.01% over the average closing price of approximately HK\$1.287 per Share as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- (e) a discount of approximately 67.92% to the Company's audited consolidated net asset value attributable to owners of approximately RMB3.672 (equivalent to approximately HK\$4.052) per Share as at 31 December 2023, calculated based on (i) the Company's audited consolidated net assets attributable to owners of approximately RMB6,104,923,000 as at 31 December 2023; (ii)

1,662,445,199 Shares in issue as at 31 December 2023; and (iii) the exchange rate of HK\$1:RMB0.90622, being the median exchange rate on 29 December 2023 as announced by the People's Bank of China;

- (f) a discount of approximately 64.18% to the Company's unaudited consolidated net asset value attributable to owners of approximately RMB3.312 (equivalent to approximately HK\$3.629) per Share as at 30 June 2024, calculated based on (i) the Company's unaudited consolidated net assets attributable to owners of approximately RMB6,359,088,000 as at 30 June 2024; (ii) 1,920,125,199 Shares in issue as at 30 June 2024; and (iii) the exchange rate of HK\$1:RMB0.91268, being the median exchange rate on 28 June 2024 as announced by the People's Bank of China; and
- (g) a discount of approximately 66.34% of the Company's unaudited consolidated net asset value attributable to owners of approximately RMB3.525 (equivalent to approximately HK\$3.862) per Share as at 30 June 2024 as adjusted by the property valuation as set out in Appendix V to this Composite Document.

#### **HIGHEST AND LOWEST CLOSING PRICE OF THE SHARES**

The highest and lowest closing prices of each Share as quoted on the Stock Exchange during the Relevant Period were HK\$1.64 on 2 April 2024 and HK\$1.26 on 15 and 29 August 2024, respectively.

#### **VALUE OF THE OFFER**

As at the Latest Practicable Date, the Company has a total of 1,920,125,199 Shares in issue, of which a total of 710,956,146 Shares are held by the Offeror and the Offeror Concert Parties (representing approximately 37.03% of the total issued Shares). Based on the Offer Price of HK\$1.30 per Share and assuming no further Shares are issued before the close of the Offer, 1,209,169,053 Shares will be subject to the Offer and the Offer is valued at HK\$1,571,919,768.90.

#### **CONFIRMATION OF FINANCIAL RESOURCES**

The Offeror intends to finance the consideration payable by the Offeror under the Offer from the bank facility provided by Industrial Bank Co., Ltd. Hong Kong Branch, which is secured by the share charge over the Shares held by the Offeror and the Offeror Concert Parties and the Shares to be acquired by the Offeror under the Offer.

The Offeror does not intend that the payment of interest on, repayment of or security for any liability (contingent or otherwise) will depend to any significant extent on the business of the Company.

Shenwan Hongyuan, the financial adviser to the Offeror in respect of the Offer, is satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offer.

## 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. This Condition cannot be waived.

If the Condition cannot be fulfilled by the Closing Date, the Offer will lapse. The Offeror will issue an announcement in relation to the revision, extension or lapse of the Offer or the fulfilment of the Condition in accordance with the Takeovers Code and the Listing Rules. As at the Latest Practicable Date, the Condition has not been fulfilled.

**The Offer may or may not become unconditional. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares. Those who are in doubt as to the action should consult a licensed securities dealer or registered institutions in securities, bank manager, solicitor, professional accountant or other professional advisers.**

## ACCEPTANCE OF THE OFFER

Subject to the Offer becoming unconditional, provided that valid Form of Acceptance and the relevant share certificate(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are complete and in good order and have been received by the Share Registrar, the accepting Independent Shareholders will sell their tendered Shares to the Offeror free from all Encumbrances and together with all rights attaching to them, including, without limitation, the rights to receive in full all dividends and other distribution, if any, recommended, declared, made or paid on or after the Closing Date.

## CLOSING OF THE OFFER

In accordance with Rule 15.1 of the Takeovers Code, the First Closing Date of the Offer will fall on or after the 21st day from the date of this Composite Document, being Friday, 15 November 2024. Where the Offer becomes or is declared unconditional (whether as to acceptances or in all respects), it shall remain open for acceptance for not less than fourteen (14) days thereafter. The Independent Shareholders are reminded that the Offeror does not have any obligations to keep the Offer open for acceptance beyond this minimum 14-day period.

The latest time on which the Offeror can declare the Offer unconditional as to acceptances is 7:00 P.M. on the 60th day after the posting of this Composite Document (or such later date to which the Executive may consent). In accordance with Rule 15.3 of the Takeovers Code, the Offeror will publish an announcement when the Offer becomes unconditional.

## SETTLEMENT OF CONSIDERATION

Payment in cash in respect of the acceptance of the Offer will be made as soon as possible pursuant to Rule 20.1 of the Takeovers Code, but in any event, within seven (7) Business Days following (i) the date on which the Offer becomes, or is declared, unconditional; or (ii) the date on which the duly completed acceptance of the Offer and the relevant documents of title of the Shares in respect of such acceptance are received by and for the Offeror to render each such acceptance of the Offer complete and valid pursuant to Note 1 to Rule 30.1 of the Takeovers Code, whichever is later.

## HONG KONG STAMP DUTY

The seller's Hong Kong *ad valorem* stamp duty arising in connection with acceptance of the Offer will be payable by the Independent Shareholders who accept the Offer at a rate of 0.10% of (i) the consideration payable by the Offeror in respect of the relevant acceptance of the Offer; or (ii) the market value of the Offer Shares, whichever is higher, and such stamp duty will be deducted from the cash amount payable by the Offeror to such Independent Shareholders on acceptance of the Offer.

The Offeror will arrange for payment of the seller's Hong Kong *ad valorem* stamp duty on behalf of the Independent Shareholders that accept the Offer and will pay the buyer's Hong Kong *ad valorem* stamp duty in connection with the acceptance of the Offer and transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

## TAX ADVICE

Independent Shareholders are recommended to consult their own professional advisers as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, the Offeror Concert Parties and their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offer accepts any responsibility for any taxation effects on, or liabilities of, any person as a result of their acceptance or rejection of the Offer.

## OVERSEAS SHAREHOLDERS

Your attention is drawn to the section headed "OVERSEAS SHAREHOLDERS" in Appendix I to this Composite Document.

## FURTHER TERMS OF THE OFFER

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

## REASONS FOR AND BENEFIT OF THE OFFER

As disclosed in January 2024 Announcement and the Joint Announcement, the Company was informed that Mr. Tao Jinxiang ("Mr. Tao"), Mr. Zhang Yuxiao ("Mr. Zhang"), Perfect Sino and Power Aim (collectively, the "Leavers") (which collectively held 182,706,000 Shares, representing approximately

10.99% of the total issued share capital of the Company as at the date of the January 2024 Announcement) had given termination notice (the “**Termination Notice**”) unilaterally that they would cease to be parties acting in concert with the other members of the Five BVI Companies and the Five Parties (the “**Termination**”), and would no longer be bound by the Five Parties’ Agreement dated 29 August 2005 (as supplemented on 15 November 2005 and 29 November 2022), the acting in concert agreement dated 29 November 2022 and acting in concert arrangements thereunder from 5 January 2024. Afterwards, Mr. Liu had approached Mr. Tao and Mr. Zhang with an attempt to persuade them to revoke the Termination Notice but both of them refused as they had already committed the sale of the Shares held by them to a third party.

Subsequently, as disclosed in the disclosure of interests notices filed by Power Aim and Mr. Zhang, Power Aim and Mr. Zhang on 9 January 2024 disposed all of their 56,183,000 Shares to Super Auspicious Inc. (“**Zhao’s Company**”), a company controlled by Mr. Zhao Yue (“**Mr. Zhao**”), a former employee of the Group (“**Zhang’s Sale**”). As disclosed in the disclosure of interests notice filed by Perfect Sino, Perfect Sino, on 31 January 2024, sold 55,862,493 Shares to Zhao’s Company, resulting in a reduction of the Shares held by Perfect Sino and Mr. Tao in aggregate to 70,660,507 Shares (representing approximately 4.25% of the total issued share capital of the Company as at 31 January 2024) (“**Tao’s Sale**”). Such remaining Shares included the 54,438,120 Shares originally held by Perfect Sino on behalf of the Employee Shareholding Committee and subsequently transferred to the Offeror as mentioned below. Further, Mr. Tao and Mr. Zhang ceased to be the executive Directors with effective from 8 June 2023 and 28 May 2024, respectively, and positions of Mr. Tao and Mr. Zhang within the Group have been formally revoked which further solidified the dissolution of any previous alignment. Accordingly, Mr. Tao’s interests in 2,675,000 Award Shares and Mr. Zhang’s interests in 2,675,000 Award Shares had lapsed automatically with immediate effect upon their respective cessation as employees of the Group in accordance with the terms of the Share Award Scheme. As at the Latest Practicable Date, neither Mr. Zhang nor Mr. Tao hold any Award Shares. Since (i) there has been a complete cessation of contact between the Offeror and the Leavers and there is by no means any personal contact in which the Offeror can reach out to the Leavers, indicating a complete lack of ongoing collaboration or coordination; and (ii) the Leavers are no longer required to file disclosure of interests notices in the Company, neither the Offeror nor the Company are in a position to verify whether they are still holding any other Share as at the Latest Practicable Date.

Based on publicly available information, Mr. Zhao has recently joined as an executive director and the vice chairman of Shougang Century Holdings Limited (stock code: 103), one of the major competitors of the Company since 12 August 2024. On 29 August 2024, Mr. Zhao further acquired 11,030,000 Shares through Zhao’s Company to increase his holding to 177,359,409 Shares (representing approximately 9.24% of the total issued share capital of the Company as at the Latest Practicable Date). Both the Offeror and the Company are of the view that Mr. Zhao’s unsolicited increase in shareholding in the Company despite being a senior executive of the Company’s major competitor, coupled with the coordinated facilitation by the Leavers since beginning of the year, is not coincidence and is very likely to be hostile. This poses not only a significant threat to the shareholding and operational stability of the Company, but is also fundamentally against the interest of the Offeror, the Offeror Concert Parties, the Company and the Shareholders as a whole.

Mr. Liu and the Company had been actively seeking legal advice regarding the Termination. A letter before action was issued by Mr. Liu’s legal advisers to Mr. Tao and Mr. Zhang in mid-January 2024 and legal proceedings were formally initiated by Mr. Liu against Mr. Tao and Mr. Zhang in early February 2024 with the cause of action of contract dispute for an order of invalidating the said termination. The case was

admitted by the court in early March 2024. As the Zhang's Sale and the Tao's Sale had been completed more than a month before March 2024 and the Termination is in fact not revocable, the claim was accordingly withdrawn in March 2024.

Since certain Shares held by Perfect Sino as at 5 January 2024 were held on behalf of the interests of certain members of the Employee Shareholding Committee, as at the Latest Practicable Date, 54,438,120 Shares which originally held by Perfect Sino for and on behalf of the interests of relevant members of the Employee Shareholding Committee had been transferred to the Offeror at nil consideration upon the instructions of relevant members of the Employee Shareholding Committee to hold for and on their behalf. Such transfer did not change the ultimate beneficial owners (namely the relevant members of the Employee Shareholding Committee including the Offeror and the Offeror Concert Parties) of the relevant Shares. As at the Latest Practicable Date, Mr. Tao and Mr. Zhang are no longer a member of the Employee Shareholding Committee and they did not retain any beneficial interest in the Shares obtained through the Employee Shareholding Committee, and neither Perfect Sino nor Power Aim hold any Shares on behalf of the interests of any members of the Employee Shareholding Committee.

The cessation of certain parties in the previous group of parties acting in concert, which then collectively held over 50% of the issued share capital of the Company essentially changed the alignment of joint interest of the group of the controlling shareholders of the Company, which may potentially affect the consistency in implementation of the Company's business strategy and management in the long term. Each of the Offeror and the Offeror Concert Parties confirmed that none of Mr. Tao, Mr. Zhang, Perfect Sino, Power Aim, Mr. Zhao Yue, Super Auspicious Inc. and Always Blooming Holdings Limited on one hand and the Offeror and the Offeror Concert Parties on the other hand fall within any of the classes of presumptions of acting in concert under the Takeovers Code.

In order to maintain and safeguard the stable operation and management and the steady development of the Company, the Offeror and the Offeror Concert Parties entered into the 2024 Concert Parties Deed on 24 September 2024 and seek to obtain further interest in the Company through the Offer to reach at least collectively holding 50% of the issued share capital of the Company.

## SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date, the Company has a total of 1,920,125,199 Shares in issue. The table below sets out the shareholding structure of the Company as at the Latest Practicable Date:

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

Name of Shareholders	As at the Latest Practicable Date	
	Number of Shares (Note 13)	Approximate % (Note 12)
<b>Subtotal of the Offeror and the Offeror Concert Parties</b>	<b>710,956,146</b>	<b>37.03</b>
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
<b>Subtotal of other Directors</b>	<b>1,480,824</b>	<b>0.08</b>
Trustee (Note 10)	2,139,665	0.11
Other public Shareholders	1,205,548,564	62.78
<b>Total</b>	<b>1,920,125,199</b>	<b>100</b>

*Note:*

- 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.
- 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.
- 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.
- 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.

## **INFORMATION OF THE OFFEROR**

The Offeror, Great Trade Limited, is a company incorporated in the British Virgin Islands with limited liability. As at the Latest Practicable Date, Mr. Liu, the Chairman and an executive Director, is the sole registered shareholder and sole director of the Offeror. The Offeror is principally engaged in investment holding.

## **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.

## INFORMATION OF THE EMPLOYEE SHAREHOLDING COMMITTEE

As disclosed in the prospectus of the Company dated 8 December 2006 and the announcement of the Company dated 7 December 2022, the Employee Shareholding Committee was established on 13 October 1997 by the Labour Union of Jiangsu Xingda Steel Tyre Cord Co., Ltd.\* (江蘇興達鋼簾線股份有限公司工會) for the purpose of coordinating the members of the Employee Shareholding Committee's interests in Jiangsu Xingda. As part of the reorganisation in preparation for listing of the Company, Faith Maple International Ltd. acquired the shares of Jiangsu Xingda and Jiangsu Xingda became an indirect subsidiary of the Company. All members of the Employee Shareholding Committee shall (i) be an existing or former employee of Jiangsu Xingda, its branch companies or its wholly-owned enterprises and (ii) have voluntarily contributed to the original registered capital of Jiangsu Xingda or subsequently acquired an interest in the shares of Jiangsu Xingda.

The Five Parties' Agreement was entered into to regulate and govern the interests and rights of the members of the Employee Shareholding Committee in Jiangsu Xingda on 29 August 2005. Pursuant to the Five Parties' Agreement effective at the Listing, the Five Parties agreed, among other things, to hold, manage and dispose of their respective direct and indirect interests in the Five BVI Companies, Faith Maple International Ltd. and the Company on behalf of the then 98 members of the Employee Shareholding Committee (including themselves) (in accordance with their proportional interests in Jiangsu Xingda immediately prior to the acquisition by Faith Maple International Ltd.) and Mr. Wu Xinghua (who joined the Group as an employee of Jiangsu Xingda on 1 July 2005). Save for the supplemental agreements of the Five Parties' Agreement entered into by the Five Parties each dated 15 November 2005 and 29 November 2022, the Five Parties' Agreement have not been amended.

Pursuant to the supplemental agreement of the Five Parties' Agreement dated 29 November 2022, (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 members of the Employee Shareholding Committee 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. Members of the Employee Shareholding Committee can voluntarily decide to cease his or her membership in the Employee Shareholding Committee at any time and upon cessation of such membership, he or she may retain or dispose of his or her beneficial interest in the corresponding Shares, which in the case of disposal, subject to a pre-emptive right of the Five Parties to acquire the said corresponding Shares at the market price of the relevant time.

As at the Latest Practicable Date, the Employee Shareholding Committee has 63 members (including the Offeror Concert Parties) and Mr. Tao and Mr. Zhang are not a member of the Employee Shareholding Committee. Upon their voluntary disposal of all of their beneficial interests in the corresponding Shares obtained through the Employee Shareholding Committee, Mr. Tao and Mr. Zhang were considered to have voluntarily departed from the Employee Shareholding Committee respectively.

## **INTENTION OF THE OFFEROR IN RELATION TO THE GROUP**

The Offeror intends to continue with the Group's existing principal business. In particular, the Offeror has no intention to (i) introduce any major changes to the existing business and operation of the Group; (ii) discontinue the employment of any employees of the Group to make significant changes to any employment; or (iii) dispose of or re-deploy the fixed assets of the Company other than those in its ordinary and usual course of business.

The Offeror also does not have any intention, understanding, negotiation or arrangement (concluded or otherwise) to downsize, cessation, or dispose of existing business of the Group.

The Offeror will continuously review the business of the Group, and the Offeror reserves the right to make any changes that it deems necessary or appropriate to the business and operation of the Group to optimize the value of the Group and in the interest of the overall Shareholders.

## **INTENTION OF THE OFFEROR TO MAINTAIN THE LISTING 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, the Stock Exchange will consider exercising its discretion to suspend dealings in the Shares.

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.

## **COMPULSORY ACQUISITION**

The Offeror does not intend to avail itself of any powers of compulsory acquisition of the Shares after the close of the Offer.

## **GENERAL**

All documents and remittances will be sent to the Independent Shareholders by ordinary post at their own risk. Documents and remittances will be sent to the Independent Shareholders at their respective addresses as they appear in the register of members of the Company, in case of joint holders whose name appear first in the said register of members, unless otherwise specified in the accompanying Form of Acceptance completed, returned and received by the Share Registrar. None of the Offeror, the Offeror Concert Parties, the Company, Shenwan Hongyuan, the Independence Financial Adviser, the Share Registrar or any of their ultimate beneficial owners, respective directors, officers, associates, agents or any other person involved in the Offer will be responsible for any loss or delay in transmission of such documents and remittances or any other liabilities that may arise as a result thereof.

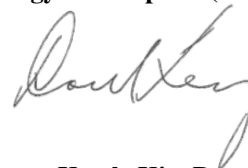
#### ADDITIONAL INFORMATION

Your attention is drawn to the additional information regarding the Offer set out in the appendices to this Composite Document and the accompany Form of Acceptance, which forms part of this Composite Document. In addition, your attention is also drawn to the “Letter from the Board”, the letter of recommendation from the Independent Board Committee to the Independent Shareholders as set out in the “Letter from the Independent Board Committee” and the letter of advice by the Independent Financial Adviser to the Independent Board Committee as set out in the “Letter from the Independent Financial Adviser” contained in this Composite Document.

Yours faithfully,

For and on behalf of

**Shenwan Hongyuan Capital (H.K.) Limited**



**Leung Kwok Kit, Donald**

*Executive Director*