
THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Xingda International Holdings Limited, you should at once hand this Composite Document and the accompanying Form of Acceptance to the purchaser(s) or transferee(s), 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 Acceptance, the contents of which form part of the terms and conditions of the Offer.

Hong Kong Exchanges and Clearing Limited, 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 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 Acceptance.



XINGDA
兴达

GREAT TRADE LIMITED
(Incorporated in the British Virgin Islands with limited liability)

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
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)**

Financial Adviser to the Offeror



SHENWAN HONGYUAN
Shenwan Hongyuan Capital (H.K.) Limited

Independent Financial Adviser to the Independent Board Committee



BAOQIAO PARTNERS CAPITAL LIMITED

Capitalised terms used in this cover page have the same meaning as those defined in the section headed “Definitions” in this Composite Document.

A letter from Shenwan Hongyuan containing, among other things, the details of the terms and conditions of the Offer is set out on pages 7 to 18 of this Composite Document. A letter from the Board is set out on pages 19 to 25 of this Composite Document. A letter from the Independent Board Committee containing its recommendation in respect of the Offer to the Independent Shareholders is set out on pages 26 to 27 of this Composite Document. A letter from the Independent Financial Adviser, containing its advice to the Independent Board Committee in respect of the Offer is set out on pages 28 to 49 of this Composite Document.

The procedures for acceptance and settlement of the Offer are set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance. Acceptances of the Offer must be received by the Share Registrar at Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong no later than 4:00 p.m. (Hong Kong time) on Friday, 15 November 2024, being the Closing Date, or such later time and/or date as the Offeror may decide and announce with the consent of the Executive and in accordance with the Takeovers Code.

Any persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the accompanying Form of Acceptance to any jurisdiction outside Hong Kong should read the section headed “Overseas Shareholders” in the “Letter from Shenwan Hongyuan” and Appendix I to this Composite Document before taking any action. It is the responsibility of the Overseas Shareholders wishing to accept the 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 Offer, including the obtaining of any governmental, exchange control or other consent and any registration or filing which may be required or the compliance with other necessary formalities, regulatory and/or legal requirement and the payment of any transfer or other taxes due in respect of such jurisdictions. Overseas Shareholders are advised to seek professional advice on deciding whether to accept the Offer.

25 October 2024

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EXPECTED TIMETABLE

The expected timetable set out below is indicative only and is subject to change. Any changes to the timetable will be jointly announced by the Offeror and the Company.

Event	Time and Date
Despatch date of this Composite Document and the Form of Acceptance and commencement date of the Offer (<i>Note 1</i>)	Friday, 25 October 2024
First Closing Date (<i>Note 2</i>)	Friday, 15 November 2024
Latest time and date for acceptance of the Offer on the First Closing Date (<i>Notes 3, 4 and 8</i>)	by 4:00 p.m. on Friday, 15 November 2024
Announcement of the results of the Offer and the level of acceptance as at the First Closing Date posted on the website of the Stock Exchange (<i>Note 2</i>)	by 7:00 p.m. on Friday, 15 November 2024
Latest date for posting of remittances in respect of valid acceptances received under the Offer on or before the First Closing Date (assuming the Offer becomes or is declared unconditional in all respects on the First Closing Date) (<i>Notes 6&8</i>)	Tuesday, 26 November 2024
Final Closing Date if the Offer becomes or is declared unconditional in all respect on the First Closing Date (<i>Note 5</i>)	Friday, 29 November 2024
Latest time and date for acceptance of the Offer on the Final Closing Date assuming that the Offer becomes or is declared unconditional in all respects on the First Closing Date (<i>Notes 5&8</i>)	by 4:00 p.m. on Friday, 29 November 2024
Announcement of the results of the Offer as at the Final Closing Date posted on the website of the Stock Exchange	by 7:00 p.m. on Friday, 29 November 2024
Latest date for posting of remittances in respect of valid acceptances received under the Offer on or before the Final Closing Date (assuming the Offer becomes or is declared unconditional in all respects on the First Closing Date) (<i>Notes 6&8</i>)	by 4:00 p.m. on Tuesday, 10 December 2024
Latest time and date by which the Offer can be declared unconditional as to acceptance (<i>Note 7</i>)	by 4:00 p.m. on Tuesday, 24 December 2024

EXPECTED TIMETABLE

Notes:

1. The Offer is made on the date of posting of this Composite Document and is capable of acceptance on and from Friday, 25 October 2024 until 4:00 p.m. on the First Closing Date unless the Offeror revises or extends the Offer in accordance with the Takeovers Code.
2. In accordance with the Takeovers Code, where an offer document and the offeree board circular are combined in a composite document, the Offer must initially be open for acceptance for at least 21 days after the date of the composite document. The Offer will be closed at 4:00 p.m. on the First Closing Date unless the Offer is extended in accordance with the Takeovers Code. The Offeror and the Company will jointly issue an announcement through the website of the Stock Exchange no later than 7:00 p.m. on the First Closing Date stating the results of the Offer and whether the Offer has been extended, revised or has expired. In the event that the Offeror decides to extend the Offer, an announcement of such extension will be published.
3. Beneficial owners of Share(s) who hold their Share(s) in CCASS directly as an investor participant or indirectly via a broker or custodian participant should note the timing requirements (set out in Appendix I to this Composite Document) for causing instructions to be made to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures.
4. Acceptance of the Offer shall be irrevocable and is not capable of being withdrawn, except as permitted under the Takeovers Code. Please refer to the section headed “RIGHT OF WITHDRAWAL” in Appendix I to this Composite Document for further information on the circumstances where acceptances may be withdrawn.
5. In accordance with 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. When the Offer becomes or is declared unconditional in all respects, at least 14 days’ notice in writing must be given before the Offer is closed to those Independent Shareholders who have not accepted the Offer. The Offeror has the right, subject to the Takeovers Code, to extend the Offer until such date as it may determine or as permitted by the Executive.
6. Payment in cash in respect of the acceptance of the Offer (after deducting the sellers’ ad valorem stamp duty, as applicable) tendered for acceptance under the Offer will be despatched to the accepting Independent Shareholders at his/her/its own risk as soon as possible but in any event, no later than seven (7) Business Days after the date on which the duly completed Form of Acceptance and the relevant documents of title of the Shares in respect of such acceptance are received by or for the Offeror to render each such acceptance of the Offer complete and valid pursuant to the Takeovers Code. Please refer to the section headed “PROCEDURES FOR ACCEPTANCE OF THE OFFER” and “SETTLEMENT OF THE OFFER” in Appendix I to this Composite Document and the Form of Acceptance for further information.
7. In accordance with the Takeovers Code, except with the consent of the Executive, the Offer may not become or be declared unconditional as to acceptances after 7:00 p.m. on the 60th day after the date of despatch of this Composite Document (or such later day as permitted by the Executive in accordance with the Takeovers Code). Accordingly, unless the Offer has previously become or been declared unconditional as to acceptances or has been extended with the consent of the Executive, the Offer will lapse at 7:00 p.m. on Tuesday, 24 December 2024 (or such later day as permitted by the Executive in accordance with the Takeovers Code). In accordance with Rule 15.7 of the Takeovers Code, except with the consent of the Executive, all conditions must be fulfilled or the Offer must lapse within 21 days of the First Closing Date or of the date the Offer becomes or is declared unconditional as to acceptances, whichever is later.
8. If there is a tropical cyclone warning signal number 8 or above, or “extreme conditions” or a “black rainstorm warning”, (a) in force in Hong Kong at any local time before 12:00 noon but no longer in force at or after 12:00 noon on the latest date for acceptance of the Offer or the latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances, the latest date for acceptance of the Offer or the posting of remittances, as the case may be, will remain on the same Business Day; or (b) in force in Hong Kong at any local time at 12:00 noon and/ or thereafter on the latest date for acceptance of the Offer or the latest date for posting of remittances for the amounts

EXPECTED TIMETABLE

due under the Offer in respect of valid acceptances, the latest date for acceptance of the Offer or the posting of remittances, as the case may be, will be rescheduled to the following Business Day which does not have either those warnings in force at any local time at 12:00 noon and/or thereafter.

All references to date and time contained in this Composite Document and the Form of Acceptance refer to Hong Kong dates and time. Save as mentioned above, if the latest time for the acceptance of the Offer does not take effect on the date and time as stated above, the other dates mentioned above may be affected. The Offeror and the Company will notify the Shareholders by way of joint announcement(s) on any change to the expected timetable as soon as possible.

DEFINITIONS

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

“2021 Annual Report”	the annual report of the Company dated 30 March 2022 and published on 28 April 2022
“2022 Annual Report”	the annual report of the Company dated 31 March 2023 and published on 27 April 2023
“2023 Annual Report”	the annual report of the Company dated 25 March 2024 and published on 26 April 2024
“2024 Interim Report”	the interim report of the Company dated 27 August 2024 and published on 26 September 2024
“2024 Concert Parties Deed”	a concert parties deed entered into by Mr. Liu, Mr. Liu Xiang, Mr. Hang Youming, Mr. Liu Tao, Great Trade, In-Plus, Wise Creative and Widen Success on 24 September 2024 as supplemental to the acting in concert agreement dated 29 November 2022 entered into amongst the Five BVI Companies, the Five Parties, Widen Success and Mr. Liu Tao
“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“associate(s)”	has the meaning ascribed to it under the Takeovers Code
“articles”	memorandum of association and articles of association of the Company as amended and restated from time to time
“Board”	the board of Directors
“Business Day”	a day on which the Stock Exchange is open for the transaction of business
“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
“Closing Date”	the First Closing Date or the Final Closing Date or a later closing date as may be announced by the Offeror and the Company jointly and approved by the Executive subsequent to the issue of this Composite Document
“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)

DEFINITIONS

“Composite Document”	this composite offer and response document issued jointly by the Offeror and the Company to all the Independent Shareholders in accordance with the Takeovers Code containing, amongst other things, the detailed terms of the Offer
“Condition”	condition of the Offer as set out in the section headed “Condition of the Offer” in “Letter from Shenwan Hongyuan” in this Composite Document
“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 organisation established on 13 October 1997, not having a separate existence independent of its members under the PRC laws
“Encumbrance(s)”	a mortgage, charge, pledge, lien, option, restriction, right of first refusal, right of pre-emption, third-party right or interest, other encumbrance or security interest of any kind, or another type of preferential arrangement (including, without limitation, a title transfer or retention arrangement) having similar effect
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of its delegate
“Final Closing Date”	being the date which is the 14th day after (i) the Unconditional Date or (ii) the First Closing Date, whichever is the later
“First Closing Date”	Friday, 15 November 2024, being the first closing date of the Offer
“Five BVI Companies”	Great Trade, In-Plus, Perfect Sino, Power Aim and Wise Creative, each a “ member of the Five BVI Companies ”
“Five Parties”	Mr. Liu, Mr. Liu Xiang, Mr. Tao Jinxiang, Mr. Zhang Yuxiao and Mr. Hang Youming, each a “ member of the Five Parties ”
“Five Parties’ Agreement”	the agreement dated 29 August 2005 entered into amongst the Five Parties (as supplemented on 15 November 2005 and 29 November 2022)
“Form of Acceptance”	form(s) of acceptance and transfer of the Shares in respect of the Offer accompanying this Composite Document
“Group”	the Company and its subsidiaries

DEFINITIONS

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee of the Company, comprising all independent non-executive Directors, established for the purpose of making a recommendation to the Independent Shareholders in respect of the Offer
“Independent Financial Adviser”	BaoQiao Partners Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed by the Company with the approval of the Independent Board Committee for the purpose of advising the Independent Board Committee in respect of the Offer
“Independent Shareholders”	Shareholder(s) other than the Offeror and the Offeror Concert Parties
“In-Plus”	In-Plus Limited, a company incorporated in the British Virgin Islands with limited liability and an Offeror Concert Party; Mr. Liu Xiang being its sole registered shareholder as at the Latest Practicable Date
“January 2024 Announcement”	the announcement of the Company dated 7 January 2024 in relation to the termination notice regarding acting in concert arrangements
“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 announcement jointly issued by the Offeror and the Company dated 24 September 2024, in relation to, among other things, the Offer
“Last Trading Day”	4 September 2024, being the last trading day of the Shares immediately preceding the date of the Joint Announcement
“Latest Practicable Date”	22 October 2024, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information contained herein

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mr. Liu”	Mr. Liu Jinlan, the chairman of the Board, an executive Director, and the sole registered shareholder and sole director of the Offeror
“Offer”	the voluntary conditional cash offer made by Shenwan Hongyuan for and on behalf of the Offeror in accordance with the Takeovers Code to acquire all issued Shares (other than those already owned or agreed to be acquired by the Offeror or the Offeror Concert Parties) on the basis set out in this Composite Document and Form of Acceptance, and any subsequent revision of such offer
“Offer Period”	the period commencing from 24 September 2024, being the date of the Joint Announcement and ending on the date of the close of the Offer or the lapse of the Offer
“Offer Price”	the price at which the Offer is made, being HK\$1.30 per Offer Share
“Offer Share(s)”	all the Shares in issue, other than those already owned by or to be acquired by the Offeror and the Offeror Concert Parties
“Offeror” or “Great Trade”	Great Trade Limited, a company incorporated in the British Virgin Islands with limited liability; Mr. Liu being its sole registered shareholder as at the Latest Practicable Date
“Offeror Concert Parties”	parties acting, or presumed to be acting, in concert with the Offeror including but not limited to Mr. Liu, Mr. Liu Xiang, Mr. Hang Youming, Mr. Liu Tao, In-Plus, Wise Creative and Widen Success pursuant to the 2024 Concert Parties Deed
“Overseas Shareholder(s)”	Independent Shareholder(s) whose address(es), as shown on the register of members of the Company, is/are outside Hong Kong
“Perfect Sino”	Perfect Sino Limited, a company incorporated in the British Virgin Islands with limited liability; Mr. Tao Jinxiang being its sole registered shareholder as at the Latest Practicable Date
“Power Aim”	Power Aim Limited, a company incorporated in the British Virgin Islands with limited liability; Mr. Zhang Yuxiao being its sole registered shareholder as at the Latest Practicable Date
“PRC”	the People’s Republic of China (for the sole purpose of this Composite Document, excluding Hong Kong, Macao and Taiwan)

DEFINITIONS

“Relevant Authority(ies)”	any government, governmental, quasi-governmental, statutory or regulatory authority, body, agency, tribunal, court or institution
“Relevant Period”	the period commencing on 24 March 2024 (being the date falling six months prior to 24 September 2024, being the commencement of the Offer Period) and ending on the Latest Practicable Date
“RMB”	lawful currency of the PRC
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of HK\$0.1 each in the capital of the Company
“Shareholder(s)”	the registered holder(s) of the Shares
“Share Award Scheme”	the share award scheme of the Company adopted on 4 September 2009, the principal terms of which were set out in the announcement of the Company dated 18 September 2009
“Share Registrar”	Boardroom Share Registrars (HK) Limited
“Shenwan Hongyuan”	Shenwan Hongyuan Capital (H.K.) Limited (申萬宏源融資(香港)有限公司), a corporation licensed by the SFC to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities, which shall make the Offer for and on behalf of the Offeror, and the financial adviser to the Offeror
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers published by the SFC
“Trustee”	BOCI-Prudential Trustee Limited, trustee appointed under the Share Award Scheme
“Unconditional Date”	the date on which the Offer becomes or is declared unconditional in all respects, the latest time on which the Offeror can declare the Offer unconditional as to acceptance is 7:00 P.M. on the 60th day after the posting of the initial offer document (or such later date to which the Executive may consent)
“USD”	lawful currency of the United States of America

LETTER FROM SHENWAN HONGYUAN



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

LETTER FROM SHENWAN HONGYUAN

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)

LETTER FROM SHENWAN HONGYUAN

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.

LETTER FROM SHENWAN HONGYUAN

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.

LETTER FROM SHENWAN HONGYUAN

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

LETTER FROM SHENWAN HONGYUAN

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

LETTER FROM SHENWAN HONGYUAN

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

LETTER FROM SHENWAN HONGYUAN

Name of Shareholders	As at the Latest Practicable Date	
	<i>Number of Shares</i> <i>(Note 13)</i>	<i>Approximate %</i> <i>(Note 12)</i>
<i>Subtotal of the Offeror and the Offeror Concert Parties</i>	710,956,146	37.03
Wang Jin <i>(Note 8)</i>	920,000	0.05
Koo Fook Sun Louis <i>(Note 9)</i>	510,824	0.03
Xu Chunhua <i>(Note 11)</i>	50,000	0.003
<i>Subtotal of other Directors</i>	1,480,824	0.08
Trustee <i>(Note 10)</i>	2,139,665	0.11
Other public Shareholders	1,205,548,564	62.78
Total	1,920,125,199	100

Note:

1. 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.
2. 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.
3. 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.

LETTER FROM SHENWAN HONGYUAN

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.

LETTER FROM SHENWAN HONGYUAN

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.

LETTER FROM SHENWAN HONGYUAN

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.

LETTER FROM SHENWAN HONGYUAN

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

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. Hang Youming
Mr. Wang Jin
Ms. Wang Yu

Independent Non-executive Directors:

Mr. Koo Fook Sun, Louis
Ms. Xu Chunhua
Ms. Zhang Guoyun

Registered Office:

Cricket Square
Hutchins Drive, P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

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.

LETTER FROM THE BOARD

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

LETTER FROM THE BOARD

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:

LETTER FROM THE BOARD

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

Notes:

1. 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.
2. 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.
3. 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.

LETTER FROM THE BOARD

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.

LETTER FROM THE BOARD

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.

LETTER FROM THE BOARD

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
Hang Youming
Executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the full text of a letter from the Independent Board Committee to the Independent Shareholders in respect of the Offers for inclusion in this Composite Document.



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)

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)**

INTRODUCTION

We refer to the Composite Document dated 25 October 2024 issued jointly by the Offeror and the Company of which this letter forms part. Capitalised terms used in this letter have the same meanings as that defined in the Composite Document unless stated otherwise or the context requires otherwise.

We have been constituted by the Board as the Independent Board Committee to consider the terms of the Offer and to make a recommendation as to whether, in our opinion, the terms of the Offer are fair and reasonable insofar as the Independent Shareholders are concerned, and to make a recommendation in relation to the acceptance or not of the Offer.

BaoQiao Partners Capital Limited has been appointed as the Independent Financial Adviser with our approval to advise the Independent Board Committee in respect of the terms of the Offer and as to acceptance thereof. Details of its advice and recommendations and the principal factors and reasons considered and taken into account by it in arriving at its advice are set out in the “Letter from the Independent Financial Adviser” on pages 28 to 49 of this Composite Document.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We also wish to draw your attention to the “Letter from the Board” and “Letter from Shenwan Hongyuan” and the additional information set out in this Composite Document.

We, as members of the Independent Board Committee, have declared that we are independent and do not have any conflict of interest in respect of the Offer and are therefore able to consider the terms of the Offer and make recommendations accordingly to the Independent Shareholders.

RECOMMENDATIONS

Having considered the terms of the Offer, the information contained in this Composite Document and the letter of advice and recommendations from the Independent Financial Adviser, we concur with the view of the Independent Financial Adviser and consider that the terms of the Offer are not fair and reasonable insofar as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders not to accept the Offer.

The Independent Shareholders are reminded to closely monitor the market price and liquidity of the Shares during the Offer Period. For the Independent Shareholders who may wish to realise their investment should having regard to their own circumstances and investment objectives, consider selling their Shares in the open market should such sale proceeds, net of all transaction costs, exceed the amount receivable under the Offer. However, if the market price of the Shares falls below the Offer Price towards the end of the Offer Period, the Independent Shareholders may then consider tendering all or part of their holdings to the Offer, should they still wish to realise their investment.

The Independent Shareholders are recommended to read the full text of the “Letter from Independent Financial Adviser” set out in this Composite Document.

Notwithstanding our recommendation, the Independent Shareholders should consider carefully the terms of the Offer. In any case, the Independent Shareholders are reminded that there is no guarantee that the current Share price will be sustainable or remain higher than the Offer Price during or after the Offer Period. The decision to realise or to hold their investment is subject to individual circumstances and investment objectives.

If in doubt, the Independent Shareholders should consult their own professional advisers for professional advice. In addition, Independent Shareholders who wish to accept the Offer are recommended to read and consider carefully the procedures for accepting the Offer detailed in Appendix I titled “Further Terms and Procedures of Acceptance of the Offer” and the accompanying Form of Acceptance.

Yours faithfully,

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

Koo Fook Sun, Louis
*Independent non-executive
Director*

Xu Chunhua
*Independent non-executive
Director*

Zhang Guoyun
*Independent non-executive
Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter of advice from BaoQiao Partners Capital Limited to the Independent Board Committee in respect of the Offer which has been prepared for the purpose of inclusion in this Composite Document.



BAOQIAO PARTNERS CAPITAL LIMITED

Unit 2803-2805, 28/F, Tower 1, Admiralty Centre,
18 Harcourt Road, Admiralty, Hong Kong

25 October 2024

To the Independent Board Committee of Xingda International Holdings Limited

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)**

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee in relation to the Offer. Our aforesaid appointment has been approved by the Independent Board Committee pursuant to Rule 2.1 of the Takeovers Code. Details of the Offer are set out in the letter from the Board (the “**Letter from the Board**”) contained in the Composite Document dated 25 October 2024 jointly issued by the Offeror and the Company to the Shareholders, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Composite Document, unless otherwise specified.

Reference is made to the announcement jointly issued by the Offeror and the Company dated 24 September 2024 in relation to, among others, the Offer (the “**Joint Announcement**”).

Shenwan Hongyuan is making the Offer at the Offer Price of HK\$1.30 per Offer Share in cash on behalf of the Offeror in compliance with the Takeovers Code.

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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee (comprising all independent non-executive Directors, namely, Mr. Koo Fook Sun, Louis, Ms. Xu Chunhua and Ms. Zhang Guoyun, who have no direct or indirect interest in the Offer other than as minority shareholders of the Company), has been established by the Company in accordance with Rules 2.1 and 2.8 of the Takeovers Code to give recommendation to the Independent Shareholders as to whether the Offer is, or is not, fair and reasonable and as to acceptance of the Offer.

We, BaoQiao Partners Capital Limited, have been appointed as the Independent Financial Adviser by the Company with the approval of the Independent Board Committee to advise the Independent Board Committee in connection with the Offer, and in particular, as to whether the Offer is fair and reasonable and as to the acceptance of the Offer.

OUR INDEPENDENCE

In the two years prior to the Latest Practicable Date, we have not acted in any capacity in relation to any transactions of the Company. As at the Latest Practicable Date, we do not have any relationship with, or have any interest in, the Company, the Offeror, their respective controlling shareholders, or any party acting, or presumed to be acting, in concert with any of them that could reasonably be regarded as relevant to our independence. Apart from the normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser, no other arrangement exists whereby we had received or will receive any fees or benefits from the Company, the Offeror, their respective controlling shareholders, or any party acting, or presumed to be acting, in concert with any of them. As such, we consider that we are independent and can act as the Independent Financial Adviser under Rule 2.1 of the Takeovers Code and Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION

In formulating our opinion and recommendation, we have relied on the statements, information, opinions and representations contained or referred to in the Composite Document and the information, opinions and representations provided to us by the management of the Company (the “**Management**”), the Company, the Offeror and their respective professional advisers. We have reviewed, among others, the 2023 Annual Report, the 2024 Interim Report and other information, representations and opinions as contained or referred to in the Composite Document and those provided by the Management, the Company, the Offeror and their respective professional advisers.

We have assumed that all information and representations that have been provided by the Management, the Company, the Offeror and their respective professional advisers for which they are solely and wholly responsible, were true, accurate and complete in all material respects and not misleading or deceptive at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and representations made by the Management, the Company, the Offeror and their respective professional advisers in the Composite Document and/or discussed with/provided to us were reasonably made after due enquiries and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth,

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

accuracy and completeness of the information and facts contained in the Composite Document, or the reasonableness of the opinions expressed by the Management, the Company, the Offeror and their respective professional advisers, which have been provided to us.

As disclosed in Appendix III to the Composite Document, all Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Composite Document (other than information relating to the Offeror and Offeror Concert Parties), and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in the Composite Document (other than the opinions expressed by the sole director of the Offeror in his capacity as director of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document, the omission of which would make any statement in the Composite Document misleading.

As disclosed in Appendix IV to the Composite Document, the sole director of the Offeror accepts full responsibility for the accuracy of the information contained in the Composite Document (other than those relating to the Group) and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in the Composite Document (other than opinions expressed by the Directors in the capacity as Directors) have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document, the omission of which would make any statement in the Composite Document misleading.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs, financial condition and future prospects of the Group. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. The Company will notify the Independent Shareholders of any material change to information contained in or referred to in the Composite Document as soon as possible in accordance with Rule 9.1 of the Takeovers Code. The Independent Shareholders will also be informed as soon as possible when there is any material change to information contained in or referred to herein as well as any changes to our opinion, if any, after the Latest Practicable Date.

We have not considered the taxation implication, if any, on the Shareholders as a result of the acceptance or non-acceptance of the Offer. We will not accept responsibility for any tax effect or liability that may potentially be incurred by the Independent Shareholders as a result of the Offer. In particular, Independent Shareholders who are subject to Hong Kong or overseas taxation on dealings in securities are urged to seek their own professional advisers on tax matters.

This letter is issued for the information of the Independent Board Committee solely in connection with their consideration of the matters relating to the Offer, and, except for its inclusion in the Composite Document, and for publication on the websites of the SFC (www.sfc.hk), the Stock Exchange (www.hkexnews.hk) and the Company (www.irasia.com/listco/hk/xingda/index.htm) as required under the Takeovers Code and the Listing Rules, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS TAKEN INTO CONSIDERATION ON THE OFFER

In arriving at our opinion and recommendation in respect of the Offer, we have taken into consideration the following principal factors and reasons:

1. 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 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.

2. Financial information of the Group

Set out below is a summary of the audited consolidated financial information of the Group for the financial years ended 31 December 2023 (“**FY2023**”) and 31 December 2022 (“**FY2022**”) as extracted from the 2023 Annual Report and the unaudited consolidated financial information of the Group for the six months ended 30 June 2024 (“**HY2024**”) and 30 June 2023 (“**HY2023**”) as extracted from the 2024 Interim Report:

	FY2023	FY2022	HY2024	HY2023
	<i>RMB in million</i>	<i>RMB in million</i>	<i>RMB in million</i>	<i>RMB in million</i>
	<i>(Audited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Revenue				
– Radial tire cords				
– For trucks	5,575	5,209	2,936	2,712
– For passenger cars	4,306	4,056	2,336	1,932
– Bead wires	861	834	457	409
– Hose wires and other wires	748	713	437	365
	11,490	10,812	6,166	5,418
Gross profit	2,201	2,274	1,209	1,027
Gross profit margin	19.2%	21.0%	19.6%	19.0%
Profit attributable to owners of the Company	449	348	192	192

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

	As at 31 December 2023	As at 30 June 2024
	<i>RMB in million (Audited)</i>	<i>RMB in million (Unaudited)</i>
Total assets	20,720	22,310
Total liabilities	12,421	13,773
Net assets attributable to owners of the Company	6,105	6,359

Financial performance of the Group

The Group's revenue comprises sale of products including radial tire cords, bead wires, hose wires and other wires. For FY2022, FY2023 and HY2024, over 60% of the Group's revenue was generated in the PRC. The remainder was generated from sales to Thailand, India, the United States of America, Brazil, Korea and a number of other countries.

FY2022 vs FY2023

The overall revenue of the Group was approximately RMB11,490 million for FY2023, representing an increase of approximately 6.3% as compared to approximately RMB10,812 million for FY2022. For FY2023 and FY2022, revenue from the sale of radial tire cords was approximately RMB9,881 million and RMB9,265 million respectively, which accounted for approximately 86.0% and approximately 85.7% of the Group's total revenue for the respective years, while revenue from the sale of bead wires was approximately RMB861 million and approximately RMB834 million respectively, which accounted for 7.5% and 7.7% of the Group's total revenue for the respective years and revenue from the sale of hose wires and other wires was approximately RMB748 million and approximately RMB713 million respectively, which accounted for 6.5% and 6.6% of the Group's total revenue for the respective years.

As disclosed in the 2023 Annual Report, the overall increase in the Group's revenue was mainly due to the recovery of the economy in China and the steady demand in the overseas markets. For FY2023, the Group recorded total sales volume of approximately 1.31 million tonnes, increased by approximately 23.8% year-on-year. The sales volumes of radial tire cords (for both trucks and passenger cars), bead wires and hose wires and other wires in FY2023 were approximately 1.04 million tonnes, 0.16 million tonnes and 0.11 million tonnes respectively, representing an increase of approximately 24.9%, 21.6% and 16.9% respectively as compared to those of FY2022.

For FY2023, the Group's gross profit decreased by approximately RMB73 million or approximately 3.2% to approximately RMB2,201 million, with gross profit margin at approximately 19.2%, representing a year-on-year decrease of approximately 1.8 percentage points. As disclosed in the 2023 Annual Report, the decline of both gross profit and gross profit margin was mainly due to the impairment loss on property, plant and equipment of approximately RMB92 million of the Group's subsidiary in Thailand being included in cost of sales in FY2023. As disclosed in the 2023 Annual Report, the impairment assessment on the carrying amounts of property, plant and equipment of the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Thailand subsidiary, being a cash-generating unit (CGU), was calculated based on value in use (VIU) calculation (which represents the present amount of the future cash flows that are expected to derive from the asset or CGU).

The Group reported an increase in profit attributable to owners of the Company from approximately RMB348 million for FY2022 to approximately RMB449 million for FY2023. The increase in profit for FY2023 was mainly due to the decrease in (i) distribution and selling expenses of approximately RMB265 million as a result of lower transportation costs following decreasing shipments fees on a year-on-year basis; and (ii) income tax expenses of approximately RMB88 million from approximately RMB186 million for FY2022 to approximately RMB98 million for FY2023 as the overall effective tax rate for the Group was lower in 2023, and such reduction in expenses for FY2023 outweighed the impact of lower gross profit of approximately RMB73 million as mentioned above; and the decrease in other income and net other gain of approximately RMB69 million and approximately RMB85 million respectively, due primarily to the decrease in bank interest income and net foreign exchange gain for FY2023 as compared to FY2022.

HY2023 vs HY2024

The Group's total revenue increased by approximately 13.8% from approximately RMB5,418 million for HY2023 to approximately RMB6,166 million for HY2024. For HY2023 and HY2024, revenue from the sale of radial tire cords were approximately RMB4,644 million and approximately RMB5,272 million respectively, which accounted for approximately 85.7% and approximately 85.5% of the Group's total revenue for the respective periods. Revenue from the sale of bead wires were approximately RMB409 million and approximately RMB457 million respectively for HY2023 and HY2024, which accounted for 7.6% and 7.4% of the Group's total revenue for the respective periods. Revenue from the sale of hose wires and other wires were approximately RMB365 million and approximately RMB437 million for HY2023 and HY2024 respectively, which accounted for 6.7% and 7.1% of the Group's total revenue for the respective periods.

As disclosed in the 2024 Interim Report, the increase in revenue was mainly attributable to the increase in the demand for tire steel cord, with the sales volumes of radial tire cords (for both trucks and passenger cars), bead wires and hose wires and other wires increased in HY2024 by approximately 22.7%, 15.8% and 24.1% respectively as compared to HY2023.

For HY2024, the Group's gross profit increased by approximately 17.7% or approximately RMB182 million year-on-year to approximately RMB1,209 million and gross profit margin grew by approximately 0.6 percentage point to approximately 19.6% as compared with approximately 19.0% for HY2023. As disclosed in the 2024 Interim Report, such increase in HY2024 was mainly due to the absence of the impairment loss on property, plant and equipment of approximately RMB92 million being included in cost of sales in HY2023 and the increasing revenue for HY2024.

The profit attributable to the owners of the Company remained at approximately RMB192 million for both periods notwithstanding the increase in gross profits of approximately RMB182 million and other income of approximately RMB71 million for HY2024, due mainly to the increase in (i) distribution and selling expenses of approximately RMB137 million as a result of increasing

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

shipments fees for HY2024 as compared to HY2023; and (ii) the research and development expenditures of RMB63 million resulting from the increase in the number of new products under development in the first half of 2024.

Financial position of the Group

As at 30 June 2024, the Group's total assets increased to approximately RMB22,310 million from approximately RMB20,720 million as at 31 December 2023, due mainly to the increase in term deposits and cash and bank balances which were mainly derived from proceeds of approximately HK\$337 million received following completion of subscription of a total 257,680,000 new Shares by independent subscribers in February 2024. As at 30 June 2024, the Group's total assets comprised mainly property, plant and equipment of approximately RMB7,428 million, rights-of-use assets of approximately RMB613 million, trade, bills and other receivables of approximately RMB8,400 million, inventories of approximately RMB1,325 million as well as the total of term deposits and cash and bank balances of approximately RMB3,691 million.

As at 30 June 2024, the Group's total liabilities increased to approximately RMB13,773 million from approximately RMB12,421 million as at 31 December 2023, which mainly due to the increase in trade, bills and other payables and borrowings in the first half of 2024. As at 30 June 2024, the total liabilities of the Group mainly included borrowings of approximately RMB7,266 million and trade, bills and other payables of approximately RMB5,687 million.

Net assets attributable to owners of the Company increased by approximately RMB254 million from approximately RMB6,105 million as at 31 December 2023 to approximately RMB6,359 million as at 30 June 2024, due primarily to the profit attributable to owners of the Company of approximately RMB192 million for HY2024.

3. Historical dividend payout

The Company has a consistent track record of paying final dividends over the years. The following table summarises the dividend payout of the Company for the financial years ended 31 December 2021 ("FY2021"), FY2022 and FY2023:

	FY2023	FY2022	FY2021
Dividend per Share (HK\$)	0.13	0.15	0.15
Earnings per share – basic (RMB cents)	27.07	20.99	13.46
Dividend payout ratio (Note 1)	43.52%	63.84%	91.11%
Year-end closing price of the Shares (HK\$)	1.45	1.57	1.71
Dividend yield (Note 2)	8.97%	9.55%	8.77%

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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

3. For illustrative purpose, the dividend payout ratio and dividend yield are calculated based on the exchange rate of the median exchange rate published by the People's Bank of China on its website as at the year-end date each year:

31 December 2021: HKD 1 = RMB0.81760

30 December 2022: HKD 1 = RMB0.89327

29 December 2023: HKD 1 = RMB0.90622

As shown above, the Company's dividend payout ratio was about 91.11%, 63.84% and 43.52% and dividend yield was 8.77%, 9.55% and 8.97% for FY2021, FY2022 and FY2023 respectively. The Offer Price of HK\$1.30 per Share translates to an average dividend yield of approximately 10.00% and 11.54% based on the dividend of HK\$0.13 per Share and HK\$0.15 per Share for the respective FY2023 and both FY2021 and FY2022.

In terms of the dividend return to Shareholders, Independent Shareholders who are attracted to the historical payout record of the Company, may consider to retain all or a portion of their Shares in order to maintain their entitlement to any future dividends that the Company may pay. However, 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 financial results and financial position of the Group of the respective year and the market conditions. As confirmed by the Directors, as at the Latest Practicable Date, the Company has not declared and does not intend to declare or pay any dividend or make other contributions, 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.

Independent Shareholders are strongly recommended to read the entire letter, in particular, the section headed "Recommendation" below, in considering whether to accept the Offer.

4. Valuation of the property interests and adjusted NAV

The financial positions of the Group as at 30 June 2024 is set out in the section headed "Principal Factors and Reasons Taken into Consideration on the Offer – 2. Financial Information of the Group" of this letter above. As discussed in the aforesaid section, net assets attributable to owners of the Company amounted to approximately RMB6,359 million as at 30 June 2024, and a major portion of the assets of the Group were properties interest owned by the Group.

Cushman & Wakefield Limited, an independent property valuer (the "Valuer"), has prepared an independent valuation (the "Valuation") of the property interests of the Group as 31 July 2024 (the "Valuation Date"). Full details of the Valuation are set out in Appendix V – Property Valuation Report to the Composite Document. The market values of the Group's property interests are summarised as follows:

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

**Market value of the
property interests in
existing state attributable
to the Group as at the
Valuation Date**
RMB'000

Property interests held for investment in the PRC	189,000
Property interests held for owner occupation in the PRC	2,533,682
Property interests held for owner occupation in the Thailand	588,434
	<hr/>
Total	3,311,116

We have reviewed and enquired the qualification and experience of the Valuer. We have (i) reviewed the terms of engagement of the Valuer with the Company (including their scope of work); (ii) conducted a phone interview to understand the qualification of the Valuer including its previous experience in conducting property valuation, as well as the valuation methodologies adopted for the Valuation; and (iii) enquired whether the Valuer is independent to the Company, the Offeror and the Offer Concert Parties. From the mandate letter and other relevant information provided by the Valuer and based on our interview with the Valuer, we are satisfied with the terms of engagement of the Valuer as well as their qualification for preparation of the Valuation. The Valuer also confirmed that they are independent to the Company, the Offeror and the Offeror Concert Parties.

In addition, we have reviewed the Property Valuation Report as contained in Appendix V to the Composite Document, and have discussed with the Valuer on (i) the bases and assumptions used; (ii) valuation methodology adopted; and (iii) due diligence work performed on the Valuation. We noted that the Valuer has used two 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 Valuer and enquired the selection of relevant valuation methodologies for the property interests. We are satisfied with the methodology and the principal basis and assumptions the Valuer has taken in valuing the different types of properties.

Adjusted NAV

As part of our assessment of the Offer Price, we have compared the Offer Price with the net assets value (“NAV”) of the Group based on the consolidated NAV of the Group as at 30 June 2024, adjusted as follows (the “Adjusted NAV”):

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RMB 'million

Consolidated NAV of the Group attributable to owners of the Company as at 30 June 2024	6,359
<i>Adjustments:</i>	
– Net revaluation surplus arising from the valuation of property interests attributable to the Group as at the Valuation Date (<i>Note 1</i>)	409
Adjusted NAV	6,768
Adjusted NAV per Share (<i>HK\$</i>) (<i>Note 2, 3</i>)	3.862

Notes:

1. The net revaluation surplus represents the difference between the market value of the property interests attributable to the Group as valued by the Valuer of approximately RMB3,311 million in aggregate as at the Valuation Date and their corresponding book values of approximately RMB2,902 million as at 30 June 2024.
2. Amount in HK\$ is calculated at an exchange rate of HK\$1: RMB0.91268 (being the median exchange rate as quoted by the People's Bank of China as at 28 June 2024) for illustrative purpose.
3. Calculated based on 1,920,125,199 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 “7. Analysis of the Offer Price – Comparison of Offer Price against NAV per Share and Adjusted NAV per Share” below.

5. Outlook of the Group

As disclosed in the 2023 Annual Report and the 2024 Interim Report, China's tire industry saw a comprehensive recovery in operating conditions as the global automotive industry chain recovering and export-driven growth. In addition, the PRC government has rolled out a series of policies to support the expansion of new energy vehicle consumption and stabilize fuel vehicle consumption, thereby promoting stable growth of the automobile industry and supporting stable and healthy operation of the industrial economy. According to the “Brief analysis of automobile industry production and sales in June 2024” published by the China Association of Automobile Manufacturers (a self-disciplined, non-profit social organization formed by enterprises, institutions and groups engaged in the production and operation of automobile complete vehicles, parts and automobile-related industries in China) on 22 July 2024, in the first half of 2024, the production and sales of automobiles reached 13.891 million and 14.047 million respectively, representing year-on-year growth of 4.9% and 6.1% respectively. In addition, the domestic tire production exceeded 500 million, an increase of 8.8% year-on-year, while tire exports increased by 5.3% year-on-year during the first half of 2024.

However, there are still many uncertainties amid the geopolitical tensions and economic uncertainties, including global hikes in inflation and interest rates which may negative impact the pace of global economic rebound, the uncertainty arising from the trade tensions between US/European countries and China, the rising tensions across the Middle East since late 2023 and the anticipated slowdown of the economic growth in China. According to the press release published by International Monetary

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Fund (IMF) on 28 May 2024, IMF projects that China's economic growth remains resilient at 5 percent in 2024 and slows to 4.5 percent in 2025. Over the medium term, growth is expected to decelerate to 3.3 percent by 2029. As disclosed in the 2024 Interim Report, we note that (i) shipping expenses have risen quarter-on-quarter in the first half of 2024 due to the rising tensions across the Middle East; (ii) the Group is cautious about the impact of the increase in stock level and the slight decline in domestic logistic market sentiment to the sales of all steel cord in the second half of 2024. Based on market information provided by an independent research institution engaged by the Company, there was 2.1% year-on-year decrease in shipments of domestic truck tire cords (i.e. principal products of the Group) for the first eight months ended 31 August 2024; and (iii) several countries and regions in Europe and America have carried out anti-dumping investigations on tire products manufactured by China, which may negatively impact the Group's business.

It is uncertain as to the impacts of the challenging business environment above-mentioned may have on the future performance of the Group.

6. Background Information of the Offeror

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 Jinlan, 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.

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.

As at the Latest Practicable Date, there were 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 Jinlan, Mr. Liu Xiang, Mr. Hang Youming, Mr. Wang Jin and Mr. Koo Fook Sun, Louis respectively.

Further information on the shareholding structure of the Company is set out in Letter from Shenwan Hongyuan in the Composite Document.

Intention of the Offeror in relation to the Group

As disclosed in the Letter from Shenwan Hongyuan in the Composite Document, 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.

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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.

As disclosed in the Letter from Shenwan Hongyuan in the Composite Document, 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.

Based on the above, we note that the Company's listing status will be maintained and the Independent Shareholders who do not accept the Offer will continue to be able to trade their Shares on market after the close of the Offer.

Also, we note that no material changes in terms of the business and operations are expected after the close of the Offer. There appears no material concern of the Offeror introducing radical changes to the Group which may materially alter the prevailing status and situations of the Group. We are of the view that this allows the Independent Shareholders to conduct their own assessments of whether to continue investing in the Shares based on development of the Group that they are already informed of.

The Offer provides an exit alternative for the Independent Shareholders who would like to realise their investments in the Shares, nevertheless, for those Independent Shareholders who, after reading through the recent financial statements of the Company and/or the Composite Document, are optimistic about the future prospects of the Group after the Offer, may, having regard to their own circumstances, consider retaining all or any part of their Shares.

7. Analysis of the Offer Price

To assess the fairness and reasonableness of the Offer Price, we have considered the following factors.

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Offer Price Comparison

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

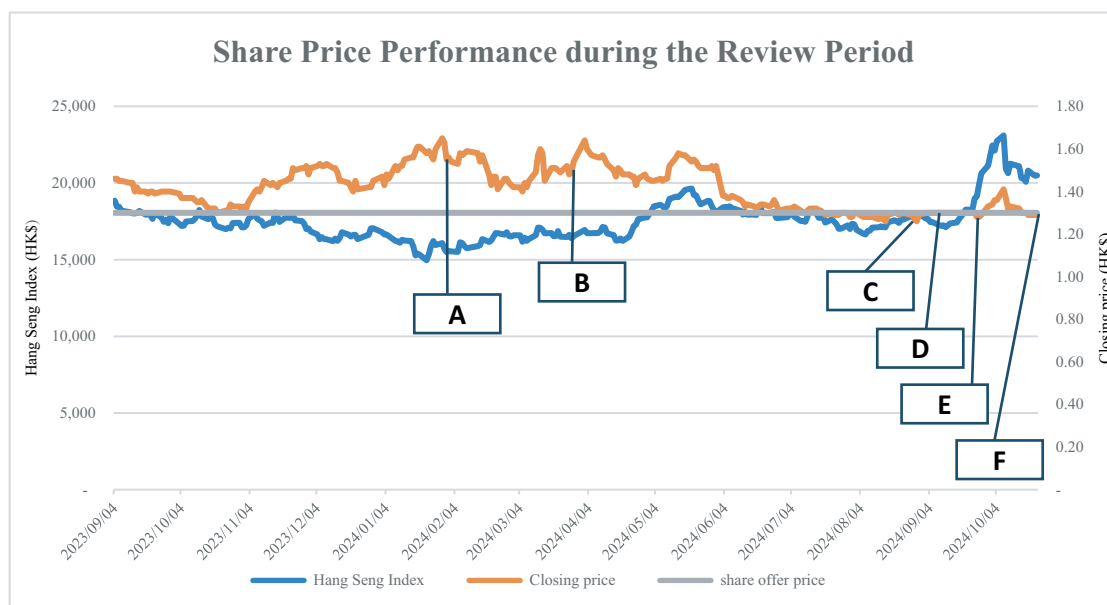
- (a) a premium of approximately 0.78% over the closing price of HK\$1.29 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) equals to the closing price of HK\$1.30 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (c) a premium of approximately 0.78% over 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% to the Adjusted NAV per Share as at 30 June 2024.

Historical price movement of the Shares

Set out below is the movement of the closing prices of the Shares as quoted on the Stock Exchange during the period from 4 September 2023 (being the date one year prior to the Last Trading Day) and up to and including the Latest Practicable Date (collectively, the "**Review Period**"). We are of the view that the price performance of Shares during the Review Period can sufficiently and fairly reflect

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the market perception on the Company's performance and outlook and effects of certain events, which may be relevant to our analysis.



Source: the website of the Stock Exchange

Date	Key Events
31 January 2024	(A) Subscription of New Shares Under the General Mandate ("Subscription Announcement")
25 March 2024	(B) Annual Results Announcement for FY2023
27 August 2024	(C) Interim Results Announcement for HY2024
4 September 2024	(D) Last Trading Day
25 September 2024	(E) Resumption of Trading following Publication of the Joint Announcement on 24 September 2024
22 October 2024	(F) Latest Practicable Date

During the Review Period, the highest and lowest closing prices of the Shares were HK\$1.65 on 29 January 2024 and HK\$1.26 per Share on 15 August 2024 and 29 August 2024 respectively. The average closing price per Share was approximately HK\$1.422 per Share during the Review Period. The Offer Price represented a discount of approximately 21.2% and 8.58% to the highest closing price per Share and average closing price per Share during the Review Period, respectively.

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Since the beginning of the Review Period in early September 2023 to the Last Trading Day, the Shares closed between HK\$1.26 per Share on 15 August 2024 and 29 August 2024 respectively and HK\$1.65 per Share on 29 January 2024, with an average of HK\$1.429 per Share.

The closing prices of the Shares were relatively stable from the beginning of the Review Period to the end of December 2023, then the closing prices of the Shares started increasing and reached HK\$1.65 per Share on 29 January 2024 before the publication of the Subscription Announcement on 31 January 2024. The closing price per Share fell to HK\$1.55 per Share and HK\$1.56 per Share respectively on the date and the following day of the Subscription Announcement and it fluctuated between HK\$1.40 per Share and HK\$1.64 per Share from February 2024 to May 2024.

Since early June 2024, the Share price experienced a downward trend and dropped to HK\$1.26 per Share on 15 August 2024 and 29 August 2024 and it closed at HK\$1.30 per Share on the Last Trading Day. We note that the aforesaid downward trend was generally in line with Hang Seng Index at the relevant time and after making enquiries with the Management, we also note that the Management is not aware of any specific reason for such decline in the Share prices.

In addition, we note that no material fluctuations in the closing price of the Share were noted following the publication of the annual results announcement of the Company for FY2023 on 25 March 2024 and the interim results announcement of the Company for HY2024 on 27 August 2024, reflecting that the financial results of the Company may not have any material impact on its Share price.

Trading of the Shares was suspended during the period from 4 September 2024 to 24 September 2024 pending publication of the Joint Announcement. The closing prices of the Shares have been above or equal to the Offer Price for the majority of time following the Joint Announcement and up to the Latest Practicable Date. The closing price of the Shares declined to HK\$1.28 per Share following publication of the Joint Announcement on 25 September 2024 and the Shares closed between the lowest of HK\$1.28 per Share on 25 September 2024 to the highest of HK\$1.41 per Share on 7 October 2024 and the closing price of the Shares was HK\$1.29 per Share on the Latest Practicable Date.

Independent Shareholders, especially those with significant stakes, should note that if they wish to realise 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.

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Historical trading liquidity of the Shares

The following table sets out the average daily trading volume of the Shares for each month or period and the percentages of such average daily trading volume to the total number of Shares in issue and held by the public during the Review Period.

Month/Period	Monthly total trading volume	Number of trading days	Average daily trading volume <i>(Note 1)</i>	Percentage of the average daily trading volume to the total number of issued Shares <i>(Note 2)</i>	Percentage of the average daily trading volume to the total number of issued Shares held by the public <i>(Note 3)</i>
2023					
4 September to 30 September	14,869,757	19	782,619	0.05%	0.08%
October	4,411,202	20	220,560	0.01%	0.02%
November	21,258,592	22	966,300	0.06%	0.10%
December	8,256,533	19	434,554	0.03%	0.04%
2024					
January	35,408,847	22	1,609,493	0.10%	0.16%
February	117,515,745	19	6,185,039	0.33%	0.54%
March	106,193,333	20	5,309,667	0.28%	0.44%
April	20,059,609	20	1,002,980	0.05%	0.08%
May	26,372,599	21	1,255,838	0.07%	0.10%
June	8,342,640	19	439,086	0.02%	0.04%
July	17,344,117	22	788,369	0.04%	0.07%
August	31,403,403	22	1,427,427	0.07%	0.12%
September	32,047,045	7	4,578,149	0.24%	0.38%
From 1 October to the Latest Practicable Date	36,225,331	14	2,587,524	0.13%	0.21%

Source: The website of the Stock Exchange

Notes:

1. Average daily trading volume is calculated by dividing the total trading volume for the month/period by the number of trading days in the respective month/period.
2. Percentage of average daily trading volume to the total number of issued Shares is calculated by dividing the average daily trading volume for the month/period by the total number of Shares in issue at the end of each month/period.
3. Percentage of average daily trading volume to the total number of issued Shares held by the public is calculated by dividing the average daily trading volume for the month/period by the total number of Shares in issue held by the Independent Shareholders as at the end of each month/period.

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During the Review Period, the average daily trading volume of the Shares ranged between 220,560 Shares and 6,185,039 Shares, representing approximately 0.01% to 0.33% of the total number of Shares in issue as at the end of the respective month/period, and approximately 0.02% to 0.54% 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. Such low level of liquidity might cause difficulty for the Independent Shareholders to dispose of their Shares in the market. Therefore, we consider that the Offer provides an assured exit alternative for the Independent Shareholders, to realise part or all of their investments in the Shares at the Offer Price of HK\$1.30 per Offer Share if they wish so.

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

The Offer Price of HK\$1.30 represents:

- (a) 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;
- (b) 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
- (c) a discount of approximately 66.34% to the Adjusted NAV per Share as at 30 June 2024.

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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:

Year/period end	NAV per Share <i>(Note 1)</i> RMB	Average closing Share price <i>(Note 2)</i> HK\$	Discount to NAV per Share <i>(Note 3)</i>
FY2021	3.429	1.473	64.87%
HY2022	3.406	1.584	60.23%
FY2022	3.528	1.520	61.51%
HY2023	3.515	1.459	61.73%
FY2023	3.672	1.397	65.53%
HY2024	3.312	1.287 <i>(Note 4)</i>	64.53%

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 28 August 2024, being the trading day following the publication by the Company of its unaudited interim results for HY2024, to the Last Trading Day.
5. For illustrative purpose, based on the exchange rate of the median exchange rate published by the People's Bank of China on its website as at:

31 December 2021: HKD 1 = RMB0.81760

30 June 2022: HKD 1 = RMB0.85519

30 December 2022: HKD 1 = RMB0.89327

30 June 2023: HKD 1 = RMB0.92198

29 December 2023: HKD 1 = RMB0.90622

28 June 2024: HKD 1 = RMB0.91268

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In addition, we noted that the Offer Price represented a discount of approximately 64.18% and 66.34% to the NAV per Share and the Adjusted NAV per Share as at 30 June 2024 respectively. We also note that the Offeror intends to continue the existing business of the Group.

Considering that as of 30 June 2024, approximately 45% of the consolidated total assets were non-current assets, mostly made up of property, plant, and equipment as well as right-of-use assets necessary for the Group's operations and not readily convertible into cash, 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 been traded at discount to 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 Independent 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, along with other factors including but not limited to (i) the financial performance and business prospects of the Group; (ii) Offer Price comparison to the historical and prevailing Share prices; and (iii) the trading liquidity of the Shares as set out in this letter, which are more relevant from the perspective of Independent Shareholders in considering their investment return in the Shares and whether or not to accept the Offer.

Comparable analysis

In assessing the fairness and reasonableness of the Offer Price, we have performed analysis of the valuation of the Group at the Offer Price compared with prevailing market valuation of other companies listed on the Main Board of the Stock Exchange that are engaged in similar businesses to those of the Group. Based on the closing Share price of HK\$1.30 and the number of issued Shares of 1,920,125,199 Shares on the Last Trading Day, the market capitalisation of the Company was approximately HK\$2,496 million. In addition, we note that the Group has only one operating segment, which is sale of all steel tire cords, including radial tire cords, bead wires and other wires for automobiles and recorded profit attributable to owners of the Company of approximately RMB449 million for FY2023.

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 the sale of products related to radial tire cords, bead wires and other wires for automobiles. We consider the above selection criteria is fair and reasonable given the Company has only one operating segment with specific product type (i.e. all steel tire cords). We could only identify one comparable company namely Shougang Century Holdings Limited (stock code: 103.HK) (the "**Comparable**"), which is exhaustive based on the above criteria.

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We have selected the use of price-to-earnings ratio (“**P/E Ratio**”), price-to-book ratio (“**P/B Ratio**”) for the purpose of the comparable company analysis because we consider such ratios are two of the most commonly used benchmarks for valuation of companies with a proven track record. Price-to-sales ratio (“**P/S Ratio**”) is not considered using the as a benchmark because the P/S Ratio is mainly used to value non-profit making companies and both the Company and the Comparable are profitable.

Set out below is the summary of our market comparable analysis:

No.	Company Name	Principal Business(es)	Market	P/E Ratio	P/B Ratio
			Capitalisation (HK\$' million) (Note 1)		
1	Shougang Century Holdings Limited (103)	The group is principally engaged in manufacturing and distributing steel cords for radial tyres	695.23	11.12	0.41
	The Company (1899)	The Group is principally engaged in sale of products related to radial tire cords, bead wires and other wires.	2,496.16	5.04	0.36

Source: Bloomberg and the Stock Exchange

Notes:

1. Market capitalisation is calculated based on the closing share price and the number of shares in issue as at the Latest Practicable Date based on information from the website of the Stock Exchange. In the case of the Company, it is calculated based on the Offer Price.
2. Price-to-earning ratio is calculated by dividing market capitalisation as described in Note 1 above by profit attributable to owners of the company reported in its latest annual report.
3. Price-to-book ratio is calculated by dividing market capitalisation as described in Note 1 above by net asset value attributable to owners of the company reported in its latest interim report.

As shown in the above table, we note that both the P/E ratio and P/B ratio of the Comparable are higher than that of the Company. However, we note that there has been a substantial increase in share prices of the Comparable in the recent months. Based on our review of the trading data of the Comparable from the website of the Stock Exchange, the share prices of the Comparable have been traded on an upward trend during the Review Period, from the lowest of HK\$0.165 per share of the Comparable (the “**Comparable Share**”) on 25 October 2023 to the highest of HK\$0.356 per Comparable Share on 21 October 2024 with notable increases from around HK\$0.25 per Comparable Share in July 2024 to HK\$0.3 per Comparable Share or higher subsequent to the Comparable published announcements regarding, among others, transfers of certain shares by the shareholders of the Comparable of the Comparable at a final transfer price of HK\$0.863 per Comparable Share on 29 July 2024 and 8 August 2024. The closing price of the Comparable further increased to the highest of HK\$0.356 per Comparable Share on 21 October 2024 after the Comparable published an

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announcement on 13 September 2024 regarding a rights issue with subscription price of HK\$0.33 per Comparable Share, representing a 10% premium to closing price of HK\$0.3 per Comparable Share on the date of relevant announcement.

As the substantial increase in Comparable's share prices in recent months may be associated with the abovementioned share dealing and fund raising activities of the Comparable, the P/E ratio and P/B ratio of the Comparable, which are calculated based on the share price of the Comparable, may not be a fair comparison for the assessment of the Offer Price. In addition, 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 Offer and is included for illustrative purposes only.

RECOMMENDATION

In summary, in relation to the Offer, we have considered the below factors and reasons in reaching our conclusion and recommendations:

- (i) the Offer Price was lower than the closing prices of the Shares for majority of the time during the Review Period and represented a discount of approximately 21.2 % and 8.58% to the highest closing price of the Share of HK\$1.65 and the average closing price of the Share of HK\$1.422 during the Review Period respectively. In addition, the closing prices of the Shares have been above or equal to the Offer Price for the majority of time following the Joint Announcement and up to the Latest Practicable Date. The Share was closed at HK\$1.29 per Share as at the Latest Practicable Date;
- (ii) the trading of the Share has been thin during the Review Period, the Offer could provide the Shareholders with the opportunity to realise part/all of their investments in the Company with certainty;
- (iii) the Group's operation had been profitable in the past. However, given the complexity of the macroeconomic situation, there are challenges and uncertainties facing by the Group as discussed in the paragraph headed "5. Outlook of the Group" under the section headed "Principal Factors and Reasons Taken into Consideration on the Offer";
- (iv) the Offer Price represents a discount to the NAV per Share and Adjusted NAV per Share. However, Shareholders should note that it may not be appropriate to assess the fairness and reasonableness of the Offer Price solely by comparing the Offer Price solely to the NAV per Share and/or the Adjusted NAV per Share as (i) the Shares had been consistently traded at discounts to the NAV per Share for the past three years, (ii) the Offeror intends to continue the existing business of the Group; and (iii) a large portion of the Group's consolidated total assets as at 30 June 2024 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; and
- (v) although there is no fixed dividend policy and the declaration and the payout of dividend are contingent upon the Company's financial results for and financial position in the future years, the Company has a consistent track record of paying final dividends in the past, Shareholders looking for dividend yields may find the Company's steady dividend payout history attractive.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In light of the above, we consider the Offer Price is not attractive given the considerations set out in items (i), (iv) and (v) mentioned above, rendering the Offer to be not fair and not reasonable so far as the Independent Shareholders are concerned, and advise the Independent Board Committee to recommend the Independent Shareholders not to accept the Offer.

Notwithstanding our recommendation that the Offer Price is not fair and not reasonable, we would like to remind the Independent Board Committee to remind the Independent Shareholders to closely monitor the market price and liquidity of the Shares during the Offer Period, and for those Shareholders who are less optimistic about the outlook and future prospects of the Group and may wish to realise their investment, should having regard to their own circumstances and investment objectives, consider selling their Shares in the open market, should such sale proceeds, net of all transaction costs, exceed the amount receivable under the Offer. However, if the market price falls below the Offer Price toward the end of the Offer Period, they may then consider tendering all or part of their holdings to the Offer, should they still wish to realise their investment.

As different Shareholders would have different investment criteria, objectives or risk appetite and profiles, we recommend any Shareholders who may require advice in relation to any aspect of the Composite Document, or as to the action to be taken, to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser.

Yours faithfully,
For and on behalf of
BaoQiao Partners Capital Limited
Irene Poon
Executive Director

Ms. Irene Poon is a responsible officer registered under the SFO to carry out Type 6 (advising on corporate finance) regulated activity for BaoQiao Partners Capital Limited and has over 20 years of experience in the accounting and corporate financial services industry.

1. PROCEDURES FOR ACCEPTANCE OF THE OFFER

- (a) To accept the Offer, you should complete and sign the Form of Acceptance in accordance with the instructions printed thereon, which forms part of the terms of the Offer. You should insert the total number of Shares for which the Offer is accepted. If no number is specified or if the total number of Shares specified in the Form of Acceptance is greater or smaller than that represented by the certificate of Shares tendered for acceptance of the Offer and you have signed the Form of Acceptance, your Form of Acceptance will be considered to be incomplete and accordingly, your acceptance of the Offer will be invalid. The Form of Acceptance will be returned to you for correction and re-submission. Any corrected Form of Acceptance must be re-submitted and received by the Share Registrar on or before the latest time of acceptance of the Offer.
- (b) 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 Offer in respect of your Shares (whether in full or in part), you must send the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for the number of Shares in respect of which you intend to accept the Offer, by post or by hand, to the Share Registrar, being Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong, in an envelope as soon as possible, and in any event no later than 4:00 p.m. on the First Closing Date or such later time(s) and/or date(s) as the Offeror may determine and the Offeror and the Company may jointly announce with the consent of the Executive in accordance with the Takeovers Code.
- (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 the name of a nominee company or a name other than your own, and you wish to accept the Offer (whether in full or in part), you must either:
- (i) 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 Offer on your behalf and requesting it to deliver in an envelope the duly completed and signed Form of 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 Share Registrar no later than 4:00 p.m. on the First Closing Date; or
 - (ii) arrange for the Shares to be registered in your name through the Share Registrar, and deliver in an envelope the duly completed and signed Form of 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 Share Registrar no later than 4:00 p.m. on the First Closing Date; or

- (iii) 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 Offer on your behalf on or before the deadline set 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 for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or
 - (iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited.
- (d) If the share certificate(s) and/or transfer receipts and/or 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 and/or is/are lost and you wish to accept the Offer in respect of your Shares, the Form of Acceptance should nevertheless be duly completed and signed and delivered in an envelope to the Share Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipts and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Share Registrar as soon as possible thereafter. If you have lost your share certificate(s), you should also write to the Share Registrar for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Share Registrar. The Offeror shall have the absolute discretion to decide whether any Shares in respect of which the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title is/are not readily available and/or is/are lost will be taken up by the Offeror.
- (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 Offer in respect of your Shares, you should nevertheless complete and sign the Form of Acceptance and deliver it in an envelope to the Share Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable instruction and authority to each of Shenwan Hongyuan, the Offeror and/or any of their respective agent(s) to collect from the Company or the Share Registrar on your behalf the relevant share certificate(s) when issued and to deliver such certificate(s) to the Share Registrar and to authorise and instruct the Share Registrar to hold such share certificate(s), subject to the terms and conditions of the Offer, as if it was/they were delivered to the Share Registrar with the Form of Acceptance.
- (f) Acceptance of the Offer will be treated as valid only if the duly completed and signed Form of Acceptance is received by the Share Registrar no later than 4:00 p.m. on the First Closing Date or such later time(s) and/or date(s) as the Offeror may determine and the Company and the Offeror may jointly announce with the consent of the Executive in accordance with the

Takeovers Code and the Share Registrar has recorded that the Form of Acceptance and any relevant documents required by Note 1 to Rule 30.2 of the Takeovers Code have been so received, and is:

- (i) accompanied by the relevant share certificate(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares and, if those share certificate(s) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant Share(s) in blank or in your favour executed by the registered holder) in order to establish your right to become the registered holder of the relevant Shares; or
 - (ii) from a registered Shareholder or his 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 the other subparagraph of this paragraph (f)); or
 - (iii) certified by the Share Registrar or the Stock Exchange.
- (g) If the Form of Acceptance is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority (such as grant of probate or certified copy of power of attorney) to the satisfaction of the Share Registrar must be produced.
- (h) Seller's ad valorem stamp duty payable by the Shareholders who accept the Offer and calculated at a rate of 0.10% of the market value of the Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher (rounded up to the nearest of HK\$1.00), will be deducted from the amount payable by the Offeror to the relevant Shareholders on acceptance of the Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the Shareholders who accept the Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptance of the Offer and transfer of the Shares.
- (i) If the Offer is lapsed, the Offeror must, as soon as possible but in any event no later than seven (7) Business Days after the Offer is lapsed, return by ordinary post at the risk of the Shareholders 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 the Shares tendered for acceptance together with the duly cancelled Form of Acceptance to the relevant Shareholder(s).
- (j) No acknowledgment of receipt of any Form of 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.

2. SETTLEMENT

Provided that a valid Form of 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 Share Registrar by 4:00 p.m. on the First Closing Date, a cheque for the amount due to each of the Independent Shareholders who accepts the Offer less seller's stamp duty in respect of the Shares tendered by him/her/it under the Offer will be despatched to such Independent Shareholder by ordinary post at his/her/its own risk as soon as possible but in any event no later than seven (7) Business Days after the later of (i) the date on which the duly completed and signed Form of Acceptance and the relevant documents of title in respect of such acceptances are received by the Share Registrar to render each such acceptance complete and valid; or (ii) the date when the Offer becomes or is declared unconditional.

Settlement of the consideration to which any Shareholder is entitled under the Offer will be implemented in full in accordance with its terms (save in respect of the payment of the seller's stamp duty in respect of the Offer) without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Independent Shareholder.

No fraction of a cent will be payable and the amount of cash consideration payable to an Independent Shareholder who accepts the Offer will be rounded up to the nearest cent.

3. ACCEPTANCE PERIOD AND REVISION

The Offer is made on Friday, 25 October 2024, being the date of despatch of this Composite Document, and are open for acceptance on and from this date.

Unless the Offer has previously been revised or extended, with the consent of the Executive, in accordance with the Takeovers Code, the Form of Acceptance must be received by the Share Registrar by 4:00 p.m. on the First Closing Date in accordance with the instructions printed on the Form of Acceptance. The Offer is conditional upon the Offeror having received valid acceptances (and where permitted, such acceptances not having been withdrawn) in respect of the Offer which will result in the Offeror and the Offeror Concert Parties holding more than 50% of the voting rights of the Company.

If the Offer is extended or revised, an announcement of such extension or revision will state the next Closing Date or, if the Offer has become unconditional (whether as to acceptances or in all respects), at least 14 days' notice in writing must be given before the Offer is closed to those Independent Shareholders who have not accepted the Offer. If, in the course of the Offer, the Offeror revises the terms of the Offer, all Independent Shareholders, whether or not they have already accepted the Offer, will be entitled to the revised terms. The revised Offer will be kept open for at least 14 days thereafter.

Any acceptance of the relevant revised Offer shall be irrevocable unless and until the Independent Shareholders who accept the Offer become entitled to withdraw their acceptance under the section headed “Right of Withdrawal” of this Appendix below and duly do so.

If the Closing Date is extended, any reference in this Composite Document and the Form of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the closing date of the Offer as so extended.

4. NOMINEE REGISTRATION

To ensure equality of treatment of all Independent Shareholders, those Independent Shareholders who hold Shares as nominees on behalf of more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for beneficial owners of the Shares, whose investments are registered in the names of nominees, to accept the Offer, it is essential that they provide instructions of their intentions with regard to the Offer to their nominees.

5. ANNOUNCEMENT

By 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the revision, extension or expiry of the Offer. The Offeror must publish an announcement in accordance with the Takeovers Code on the Stock Exchange’s website no later than 7:00 p.m. on the Closing Date stating whether the Offer has been revised or extended or have expired. The announcement must state the following:

- (a) the total number of the Shares for which acceptances for the Offer have been received;
- (b) the total number of Shares and rights over Shares held, controlled or directed by the Offeror and the Offeror Concert Parties before the Offer Period; and
- (c) the total number of Shares and rights over Shares acquired or agreed to be acquired by the Offeror and the Offeror Concert parties during the Offer Period.

The announcement must also include details of any relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror or the Offeror Concert Parties has borrowed or lent (save for any borrowed Shares which have been either on-lent or sold) and specify the percentages of the issued share capital of the Company and the percentages of voting rights of the Company represented by these numbers.

In computing the total number or principal amount of Shares represented by acceptances, only valid acceptances that are complete, in good order and fulfil the acceptance conditions set out in section 1 of this Appendix, and which have been received by the Share Registrar (in respect of the Share Offer) respectively no later than 4:00 p.m. on the Closing Date shall be included.

6. RIGHT OF WITHDRAWAL

Acceptance of the Offer tendered by the Independent Shareholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out in the next paragraphs.

If the Offeror is unable to comply with the requirements set out in the paragraph headed “5. Announcement” in this appendix, the Executive may require, pursuant to Rule 19.2 of the Takeovers Code, that the Independent Shareholders who have tendered acceptances of the Offer, be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements of Rule 19 of the Takeovers Code are met.

Pursuant to Rule 17 of the Takeovers Code, an acceptor of the Offer shall be entitled to withdraw his/her/its acceptance after 21 days from the First Closing Date if the Offer have not by then become unconditional as to acceptances. An acceptor of the Offer may withdraw his/her/its acceptance by lodging a notice in writing signed by the acceptor (or his/her/its agent duly appointed in writing and evidence of those appointment is produced together with the notice) to the Share Registrar.

In such case, when the Independent Shareholders withdraw their acceptances, the Offeror shall, as soon as possible but in any event no later than seven (7) Business Days thereof, return by ordinary post the Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the Shares lodged with the Form of Acceptance to the relevant Independent Shareholders at their own risk.

7. OVERSEAS SHAREHOLDERS

Overseas Shareholders who wish to participate in the Offer but with a registered address outside Hong Kong are subject to, and may be limited by, the laws and regulations of their respective jurisdictions in connection with their participation in the Offer. Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe relevant applicable legal or regulatory requirements and, where necessary, seek legal advice. It is the responsibility of the Overseas Shareholders who wish to accept the 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 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 by such accepting Overseas Shareholders in respect of the acceptance of the Offer in such jurisdictions).

Any acceptance by Independent Shareholders and beneficial owners of the Shares who are citizens, residents or nationals of a jurisdiction outside Hong Kong will be deemed to constitute a representation and warranty from such persons to the Offeror that the local laws and requirements have been complied with, and such Overseas Shareholder is permitted under all applicable laws and regulations to receive and accept the Offer, and any revision thereof, and such acceptance shall be valid and binding in accordance with all applicable laws and regulations. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above representation and warranties.

Independent Shareholders who are in doubt as to the action they should take should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

8. TAX IMPLICATION

Independent Shareholders are recommended to consult their own professional advisers as to the tax implications of accepting or rejecting the Offer. None of the Offeror and/or the Offeror Concert Parties, the Company, Shenwan Hongyuan, the Independent Financial Adviser, the Share Registrar nor their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Offer accepts any responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

9. GENERAL

- (i) All communications, notices, Form of Acceptance, share certificate(s), transfer receipts(s), other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offer to be delivered by or sent to or from the Shareholders will be delivered by or sent to or from them, or their designated agents by post at their own risk, and the Offeror, its beneficial owners, the Company, Shenwan Hongyuan, the Independent Financial Adviser, the Share Registrar or any of their respective directors and professional advisers or the company secretary of the Company, and any other parties involved in the Offer and any of their respective agents do not accept any liability for any loss or delay in postage or any other liabilities that may arise as a result thereof.
- (ii) The provisions set out in the Form of Acceptance form part of the terms and conditions of the Offer.
- (iii) The accidental omission to despatch this Composite Document and/or Form of Acceptance or any of them to any person to whom the Offer are made will not invalidate the Offer in any way.
- (iv) The Offer is, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong.
- (v) Due execution of the Form of Acceptance will constitute an irrevocable authority to the Offeror, Shenwan Hongyuan or such person or persons as the Offeror may direct to complete, amend and execute any document on behalf of the person or persons accepting the Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror, or such person or persons as it may direct, the Shares in respect of which such person or persons has/have accepted the Offer.

- (vi) Acceptance of the Offer by any Independent Shareholders will be deemed to constitute a warranty by such person or persons to the Offeror and the Company that their Shares under the Offer are free from all third party rights and Encumbrances whatsoever and together with all rights accruing or attaching thereto including the right to receive in full all dividends and 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. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above representation and warranty. As at the Latest Practicable Date, the Company has not declared any dividends which have not been distributed and the Company has no plan to declare, recommend, or pay any dividends or make any other distributions before the close of the Offer. In the event of any declaration of dividend/distribution by the Company, such dividend/distribution will not be used to set off against the Offer Price (or any part thereof) payable to the Independent Shareholders under the Offer.
- (vii) References to the Offer in this Composite Document and the Form of Acceptance shall include any revision and/or extension thereof.
- (viii) Acceptances of the Offer by any nominee will be deemed to constitute a warranty by such nominee to that the number of the Shares in respect of which as indicated in the Form of Acceptance is the aggregate number of Shares held by such nominee for such beneficial owner who is accepting the Offer.
- (ix) In making their decision, the Independent Shareholders must rely on their own examination of the Offeror, the Group and the terms of the 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 Acceptance shall not be construed as any legal or business advice on the part of the Offeror, its beneficial owners, the Company, Shenwan Hongyuan, or the Independent Financial Adviser or their respective professional advisers. The Independent Shareholders should consult their own professional advisers for professional advice.
- (x) All acceptances, instructions, authorities and undertakings given by the Independent Shareholders in the Form of Acceptance shall be irrevocable except as permitted under the Takeovers Code.
- (xi) Unless otherwise expressly stated in this Composite Document and/or the Form of Acceptance, no person other than the Offeror and the accepting Independent Shareholders may enforce any terms of the Offer that will arise out of complete and valid acceptances under the Contracts (Rights of Third Parties) Ordinance (Chapter 623 of the Laws of Hong Kong).
- (xii) The English text of this Composite Document and the Form of Acceptance shall prevail over their respective Chinese text for the purpose of interpretation in case of inconsistency.

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

The following table is a summary of certain unaudited consolidated financial information of the Group for the six months ended 30 June 2024 as disclosed in the 2024 Interim Report and the audited consolidated financial information of the Group for the three financial years ended 31 December 2021, 2022 and 2023 as disclosed in the 2022 Annual Report and the 2023 Annual Report.

	For the six months	For the year ended 31 December		
	ended 30 June 2024	2023	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000
	(unaudited)	(audited)	(audited)	(audited)
REVENUE	6,165,692	11,490,471	10,812,028	10,645,310
Cost of sales	(4,956,977)	(9,289,969)	(8,538,496)	(8,580,412)
GROSS PROFIT	1,208,715	2,200,502	2,273,532	2,064,898
Other income	142,271	145,049	213,819	189,785
Government grant	5,068	14,125	22,711	20,567
Other gain and losses, net	(1,185)	67,391	152,336	(83,718)
Recognition of impairment losses under expected credit loss model	(5,897)	(25,995)	(2,543)	(7,507)
Other expense	(3,430)	(7,759)	(33,796)	–
Distribution and selling expenses	(504,441)	(796,350)	(1,061,026)	(999,339)
Administrative expenses	(206,819)	(456,966)	(452,228)	(463,447)
Research and development expenditure	(154,098)	(170,719)	(169,231)	(138,801)
Finance costs	(103,442)	(233,527)	(198,936)	(163,437)
PROFIT BEFORE INCOME TAX	376,742	735,751	744,638	419,001
Income tax expenses	(93,432)	(98,362)	(186,426)	(112,036)
PROFIT FOR THE PERIOD/ YEAR	283,310	637,389	558,212	306,965
Attributable to:				
Owners of the Company	192,159	449,401	348,391	218,855
Non-controlling interests	91,151	187,988	209,821	88,110

	For the six months ended 30 June 2024	For the year ended 31 December		
	<i>RMB'000</i> (unaudited)	2023 <i>RMB'000</i> (audited)	2022 <i>RMB'000</i> (audited)	2021 <i>RMB'000</i> (audited)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/YEAR	257,416	646,981	577,371	222,233
Attributable to:				
Owners of the Company	173,933	455,672	361,830	159,251
Non-controlling interests	83,483	191,309	215,541	62,982
Earnings per share attributable to Owners of the Company				
Basic (<i>RMB cents</i>)	10.31	27.07	20.99	13.46
Diluted (<i>RMB cents</i>)	10.24	26.89	20.88	13.37
Amount of Dividends distributed to Owners of the Company	226,207	222,752	203,882	202,861
Dividend per Share distributed (<i>HK cents</i>)	13.0	15.0	15.0	15.0
Amount of Dividends proposed to Owners of the Company	N/A	226,207	222,752	203,882
Dividend per Share proposed (<i>HK cents</i>)	N/A	13.0	15.0	15.0

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 financial years ended 31 December 2021, 2022 and 2023 did not contain any modified opinion, emphasis of matter or material uncertainty related to going concern.

There was no change in the Group's accounting policy during each of the years ended 31 December 2021, 2022 and 2023 which would result in the figures in its consolidated financial statements being not comparable to a material extent.

Save as disclosed above, there were no items of any income or expense which are material in respect of the consolidated financial results of the Group for each of the aforesaid periods.

2. CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP

The Company is required to set out or refer to in this Composite Document the consolidated statement of financial position, consolidated statement of cash flows and any other primary statement as shown in its last published audited consolidated financial statements, together with the significant accounting policies and the notes to the relevant published financial statements, which are of major relevance to the appreciation of the above financial information.

The unaudited consolidated financial statements of the Group for the six months ended 30 June 2024 are set out on pages 33 to 60 of the 2024 Interim Report, which was published on 26 September 2024. The 2024 Interim Report is posted on the website of the Stock Exchange (www.hkexnews.hk). Please also see below a direct link to the 2024 Interim Report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0926/2024092600649.pdf>

The audited consolidated financial statements of the Group for the year ended 31 December 2023 are set out on pages 153 to 243 of the 2023 Annual Report, which was published on 26 April 2024. The 2023 Annual Report is posted on the website of the Stock Exchange (www.hkexnews.hk). Please also see below a direct link to the 2023 Annual Report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0426/2024042601242.pdf>

The audited consolidated financial statements of the Group for the year ended 31 December 2022 are set out on pages 143 to 241 of the 2022 Annual Report, which was published on 27 April 2023. The 2022 Annual Report is posted on the website of the Stock Exchange (www.hkexnews.hk). Please also see below a direct link to the 2022 Annual Report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0427/2023042701966.pdf>

The audited consolidated financial statements of the Group for the year ended 31 December 2021 are set out on pages 118 to 215 of the 2021 Annual Report, which was published on 28 April 2022. The 2021 Annual Report is posted on the website of the Stock Exchange (www.hkexnews.hk). Please also see below a direct link to the 2021 Annual Report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0428/2022042801058.pdf>

The abovementioned audited consolidated financial statements of the Group for the three financial years ended 31 December 2021, 2022 and 2023 and the unaudited consolidated financial statements for the six months ended 30 June 2024 (including the notes thereto but not any other part of the 2021 Annual Report, the 2022 Annual Report, 2023 Annual Report and the 2024 Interim Report in which they respectively appear) are incorporated by reference into this Composite Document and form part of this Composite Document.

3. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 July 2024, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Composite Document, the indebtedness of the Group was as follows:

Borrowings

As of 31 July 2024, 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 RMB7,441,375,000.

As of 31 July 2024, bank borrowings of approximately RMB2,730,153,000 were secured and unguaranteed, with the pledged term deposits amounted to RMB1,621,156,000, bills receivables amounted to RMB235,997,000 and trade receivables amounted to RMB470,000,000 and USD9,542,770 as at 31 July 2024 respectively.

As of 31 July 2024, bank borrowing of RMB52,000,000 was secured by trade receivables amounting to USD7,459,150 and guaranteed.

Bank borrowings of approximately RMB629,922,000 were unsecured and guaranteed.

The remaining bank borrowings amounting to RMB4,029,300,000 as at 31 July 2024 were unsecured and unguaranteed.

Contingent liabilities

As of 31 July 2024, the Group did not have any material contingent liabilities.

Lease liabilities

As of 31 July 2024, the Group had recognised lease liabilities of approximately RMB628,000.

Obligations arising from repurchase of shares

As of 31 July 2024, the Group had share repurchase obligations of a subsidiary of approximately RMB222,444,000.

Save as aforesaid or otherwise disclosed herein, and apart from intra-group liabilities and normal bills payables, as of 31 July 2024, 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 Directors confirm that, save as disclosed below, there had been no material change in the financial or trading position or outlook of the Group since 31 December 2023, being the date to which the latest published audited consolidated accounts of the Group were made up, and up to and including the Latest Practicable Date.

1. On 30 January 2024, the Company entered into three subscription agreements with three independent subscribers (the “**Subscribers**”), pursuant to which the Subscribers have conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue an aggregate of 257,680,000 shares of the Company at the subscription price of HK\$1.31 per subscription share (the “**Subscriptions**”). The shares were issued on 8 February 2024. The gross proceeds raised from the Subscriptions amounted to approximately HK\$337.56 million (equivalent to approximately RMB306.3 million) and the net proceeds, after deduction of expenses, amounted to approximately HK\$337.06 million (equivalent to approximately RMB305.8 million). Details of the Subscriptions are set out in the announcements of the Company dated 30 January 2024, 6 February 2024 and 8 February 2024.
2. The Company published its unaudited interim results announcement and the interim report for the six months ended 30 June 2024 (“**HY2024**”) on 27 August 2024 and 26 September 2024 respectively which disclosed, among other things, that:
 - (a) the Group recorded net profit of approximately RMB283.3 million for HY2024, representing a decrease of approximately 4.1% as compared to approximately RMB295.5 million for the six months period ended 30 June 2023 (“**HY2023**”), caused mainly by (i) the increase in research and development expenditure of approximately 69% or RMB62.9 million for HY2024 due to the increase in the number of new products development projects; and (ii) the increase in distribution and selling expenses of approximately 37.3% or RMB136.9 million for HY2024, due to the increase in shipments fees, partially offset by (iii) the increase in gross profit of approximately RMB181.4 million or 17.7% for HY2024 as a result of the increase in revenue of approximately 13.8% for HY2024 and the absence of the impairment loss on property, plant and equipment of approximately RMB91.6 million being included in the cost of sales for HY2023.
 - (b) the Group acquired an additional 6,100,000 shares in Prinx Chengshan Holdings Limited (“**Prinx**”, stock code: 1809), a company listed on the Main Board of the Stock Exchange at HK\$8.9 per share for a total consideration of HK\$54.5 million (equivalent to approximately RMB49.5 million) during HY2024 and its interests in Prinx’s issued shares increased from 1.9% as at 31 December 2023 to 2.8% as at 30 June 2024. Such investment was accounted for as financial assets at fair value through profit or loss (“**FVTPL**”) in the accounts of the Group and the Group recorded an increase in financial assets at FVTPL from approximately RMB69.4 million as at 31 December 2023 to approximately RMB133.4 million as at 30 June 2024; and

- (c) the Group's cash and cash equivalents increased from approximately RMB570.8 million as at 31 December 2023 to approximately RMB1,095.6 million as at 30 June 2024, due mainly to the unutilised proceeds of approximately HK\$90 million (equivalent to approximately RMB81.7 million) as at 30 June 2024 from the Subscriptions and the new bank borrowings of RMB5,329 million obtained for the Group's working capital purpose, net of repayment of bank borrowings of approximately RMB4,607.7 million, during HY2024.

5. ADJUSTED NET ASSET VALUE

Set out below is the adjusted unaudited consolidated net asset value ("Adjusted Unaudited NAV") of the Group attributable to the Shareholders as at 30 June 2024:

	Unaudited consolidated net asset value RMB'000
Unaudited consolidated net asset value of the Group attributable to the Shareholders as at 30 June 2024	6,359,088
Add: Appraised market value of the properties of the Group attributable to the Shareholders as at 31 July 2024	3,311,116
Less: The unaudited net book value of the properties of the Group attributable to the Shareholders as at 30 June 2024	<u>2,902,381</u>
Net revaluation surplus attributable to the Shareholders	<u>408,735</u>
Adjusted Unaudited NAV attributable to the Shareholders	<u><u>6,767,823</u></u>
Net asset value per Share attributable to the Shareholders as at 30 June 2024 (RMB) (based on 1,920,125,199 Shares in issue as at 30 June 2024)	3.312
Adjusted Unaudited NAV per Share attributable to the Shareholders (RMB) (based on 1,920,125,199 Shares in issue as at 30 June 2024)	3.525
Adjusted Unaudited NAV per Share attributable to the Shareholders (HK\$) (based on 1,920,125,199 Shares in issue as at 30 June 2024 and an exchange rate of HK\$1:RMB0.91268 (being the exchange rate as quoted by the People's Bank of China as at 28 June 2024) for illustrative purpose)	3.862

1. RESPONSIBILITY STATEMENT

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Offeror and the Offeror Concert Parties), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than opinions expressed by the sole director of the Offeror) 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

As at the Latest Practicable Date, the authorised and issued share capital of the Company were as follows:

<i>Authorised share capital:</i>	<i>HK\$</i>
3,000,000,000 ordinary shares of HK\$0.1 each	300,000,000
<i>Issued and fully paid share capital:</i>	<i>HK\$</i>
1,920,125,199 ordinary shares of HK\$0.1 each	192,012,519.9

All of the Shares currently in issue are fully paid up and rank pari passu in all respects with each other, including all rights in respect of return of capital, dividends and voting. The issued Shares are listed on the Main Board of the Stock Exchange. None of the Shares is listed or dealt in, nor is any listing of or permission to deal in the Shares being or proposed to be sought on, any other stock exchange.

Since 31 December 2023 (being the date on which the latest audited consolidated financial statements of the Company were prepared) and up to the Latest Practicable Date, 257,680,000 Shares have been issued by the Company.

As at the Latest Practicable Date, save for 16,099,667 Award Shares awarded to the grantees under the Share Award Scheme which remained unvested, there were no other outstanding options, derivatives, warrants or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) which were convertible or exchangeable into Shares or rights affecting the Shares.

3. DISCLOSURE OF INTEREST IN THE SHARES OF THE COMPANY

Directors' and chief executives' interests in the securities of the Company and its associated companies

As at the Latest Practicable Date, the interests and short positions of the Directors or chief executive of the Company in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were 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 and short positions in which they were taken or deemed to have under such provisions of the SFO); (ii) which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies; or (iv) which were required to be disclosed under the Takeovers Code were as follows:

(i) *Interests in the Company*

Name of Directors	Capacity/Nature of interest	Number of Shares or underlying shares	Approximate percentage of shareholding
Mr. Liu (<i>Note 1 and Note 2</i>)	Beneficial owner; interest in controlled corporation; a concert party to an agreement to buy shares described in s.317(1)(a) of the SFO	721,731,146 (L)	37.59%
Mr. Liu Xiang (<i>Note 1 and Note 3</i>)	Beneficial owner; interest in controlled corporation; a concert party to an agreement to buy shares described in s.317(1)(a) of the SFO	721,731,146 (L)	37.59%
Mr. Hang Youming (<i>Note 1 and Note 4</i>)	Beneficial owner; interest in controlled corporation; a concert party to an agreement to buy shares described in s.317(1)(a) of the SFO	721,731,146 (L)	37.59%
Mr. Wang Jin (<i>Note 5</i>)	Beneficial owner	1,245,000 (L)	0.07%
Mr. Koo Fook Sun, Louis (<i>Note 6</i>)	Beneficial owner	727,824 (L)	0.03%
Ms. Xu Chunhua	Beneficial owner	50,000 (L)	0.003%

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.
- Mr. Liu (i) was interested in 54,464,275 Shares as beneficial owner (consisting of 49,039,275 Shares personally held by Mr. Liu and 5,425,000 underlying Shares attached to the share awards granted to him under the Share Award Scheme), (ii) was deemed to be interested in 383,543,003 Shares through Great Trade, a limited company wholly owned by Mr. Liu, and (iii) was deemed to be interested in 283,723,868 Shares, which amounts to the same number of Shares that the other concerted parties to the 2024 Concert Parties Deed held.

3. Mr. Liu Xiang (i) was interested in 22,698,868 Shares as beneficial owner (consisting of 20,023,868 Shares personally held by Mr. Liu Xiang and 2,675,000 underlying Shares attached to the Share Award Scheme), (ii) was deemed to be interested in 155,114,000 Shares through In-Plus, a limited company wholly owned by Mr. Liu Xiang, and (iii) was deemed to be interested in 543,918,278 Shares, which amounts to the same number of Shares that the other concerted parties to the 2024 Concert Parties Deed held.
4. Mr. Hang Youming (i) was interested in 12,675,001 Shares as beneficial owner (consisting of 10,000,001 Shares personally held by Mr. Hang Youming and 2,675,000 underlying Shares attached to the Share Award Scheme), (ii) was deemed to be interested in 87,735,999 Shares through Wise Creative, a limited company wholly owned by Mr. Hang Youming, and (iii) was deemed to be interested in 621,320,146 Shares, which amounts to the same number of Shares that the other concerted parties to the 2024 Concert Parties Deed held.
5. Mr. Wang Jin was interested in 1,245,000 Shares as beneficial owner (consisting of 920,000 Shares personally held by Mr. Wang Jin and 325,000 underlying Shares attached to the Share Award Scheme).
6. Mr. Koo Fook Sun, Louis was interested in 727,824 Shares as beneficial owner (consisting of 510,824 Shares personally held by Mr. Koo Fook Sun, Louis and 217,000 underlying Shares attached to the Share Award Scheme).
7. (L) represents long position.

(ii) *Interests in the associated corporation of the Company*

Name of Directors	Capacity/Nature of interest	Associated Corporation	Number of Shares or underlying shares	Approximate percentage of shareholding
Mr. Liu	Interest in controlled corporation (<i>Note 1</i>)	Jiangsu Xingda	111,499,998 (L)	3.90%
Mr. Liu Xiang	Interest in controlled corporation (<i>Note 2</i>)	Jiangsu Xingda	72,000,000 (L)	2.52%

1. Mr. Liu was the general partner of Taizhou Jinze Corporate Management Partnership Corporation (Limited Partnership)* (泰州金澤企業管理合夥企業 (有限合夥)) which held 99,000,000 shares of Jiangsu Xingda as at the Latest Practicable Date. Further, Mr. Liu held 80% of the equity interest in Shanghai Shang Qi Sheng Investment Co., Ltd.* (上海上麒升投資有限公司) which held 76% of the equity interest in Xinghua Xingda Xiuyuan Hotel Co., Ltd.* (興化市興達綉園酒店有限公司) which in turn held 12,499,998 shares of Jiangsu Xingda as at the Latest Practicable Date.
2. Mr. Liu Xiang was the general partner of Taizhou Yexiang Corporate Management Partnership Corporation (Limited Partnership)* (泰州業祥企業管理合夥企業 (有限合夥)) which held 72,000,000 shares of Jiangsu Xingda as at the Latest Practicable Date.
3. (L) represents long position.

Save for those disclosed above, as at the Latest Practicable Date, none of the directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares or 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 under Section 352 of the SFO, or as otherwise notified to Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

Substantial Shareholders' and other persons' interests and short positions in shares and underlying shares

As at the Latest Practicable Date, according to the register kept by the Company pursuant to section 336 of the SFO and so far as is known to, or can be ascertained after reasonable enquiry by the Directors, the following persons (other than Directors and the chief executive of the Company) had interests or short positions in the Shares and/or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of shareholder	Capacity/Nature of interest	Number of Shares or underlying shares	Approximate percentage of shareholding
Great Trade (<i>Note 1 and Note 2</i>)	Beneficial owner; a concert party to an agreement to buy shares described in s.317(1)(a) of the SFO	721,731,146 (L)	37.59%
In-Plus (<i>Note 1 and Note 3</i>)	Beneficial owner; a concert party to an agreement to buy shares described in s.317(1)(a) of the SFO	721,731,146 (L)	37.59%
Wise Creative (<i>Note 1 and Note 4</i>)	Beneficial owner; a concert party to an agreement to buy shares described in s.317(1)(a) of the SFO	721,731,146 (L)	37.59%
Widen Success (<i>Note 1 and Note 5</i>)	Beneficial owner; a concert party to an agreement to buy shares described in s.317(1)(a) of the SFO	721,731,146 (L)	37.59%
Mr. Liu Tao (<i>Note 1 and Note 5</i>)	Interest of a controlled corporation; a concert party to an agreement to buy shares described in s.317(1)(a) of the SFO	721,731,146 (L)	37.59%
Super Auspicious Inc. (<i>Note 6</i>)	Beneficial owner	177,359,409 (L)	9.24%
Always Blooming Holdings Limited (<i>Note 6</i>)	Interest in controlled corporation	177,359,409 (L)	9.24%
Mr. Zhao Yue (<i>Note 6</i>)	Interest in controlled corporation	177,359,409 (L)	9.24%
JINYU TIRE (HONGKONG) CO., LIMITED (<i>Note 7</i>)	Beneficial owner	133,000,000 (L)	6.93%

Name of shareholder	Capacity/Nature of interest	Number of Shares or underlying shares	Approximate percentage of shareholding
Shandong Jinyu Tire Co., Ltd.* (山東金宇輪胎有限公司) (Note 7)	Interest in controlled corporation	133,000,000 (L)	6.93%
Shandong Jinyu Rubber Technology Co., Ltd.* (山東金宇橡膠科技有限公司) (Note 7)	Interest in controlled corporation	133,000,000 (L)	6.93%
Qingdao Jianxin Investment Co., Ltd.* (青島建信投資有限公司) (Note 7)	Interest in controlled corporation	133,000,000 (L)	6.93%
Mr. Yan Wanhua (Note 7)	Interest in controlled corporation	133,000,000 (L)	6.93%

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.
- Great Trade which was wholly owned by Mr. Liu was interested in 383,543,003 Shares as beneficial owner and was deemed to be interested in 338,188,143 Shares, which amounts to the same number of Shares that the other concerted parties to the 2024 Concert Parties Deed held.
- In-Plus which was wholly owned by Mr. Liu Xiang was interested in 155,114,000 Shares as beneficial owner and was deemed to be interested in 566,617,146 Shares, which amounts to the same number of Shares that the other concerted parties to the 2024 Concert Parties Deed held.
- Wise Creative which was wholly owned by Mr. Hang Youming was interested in 87,735,999 Shares as beneficial owner and was deemed to be interested in 633,995,147 Shares, which amounts to the same number of Shares that the other concerted parties to the 2024 Concert Parties Deed held.
- Widen Success which was wholly owned by Mr. Liu Tao was interested in 5,500,000 Shares as beneficial owner and was deemed to be interested in 716,231,146 Shares.
- Super Auspicious Inc. was owned as to 70% by Always Blooming Holdings Limited, which was in turn wholly-owned by Mr. Zhao Yue. By virtue of the SFO, Always Blooming Holdings Limited and Mr. Zhao Yue were deemed to be interested in the 177,359,409 Shares held by Super Auspicious Inc.
- JINYU TIRE (HONGKONG) CO., LIMITED was wholly-owned by Shandong Jinyu Tire Co., Ltd.* (山東金宇輪胎有限公司), which was owned as to 46% by Shandong Jinyu Rubber Technology Co., Ltd.* (山東金宇橡膠科技有限公司), which was owned as to 70% by Qingdao Jianxin Investment Co., Ltd.* (青島建信投資有限公司), which is in turn owned as to 70% by Mr. Yan Wanhua. By virtue of the SFO, Shandong Jinyu Tire Co.,

Ltd.* (山東金宇輪胎有限公司), Shandong Jinyu Rubber Technology Co., Ltd.* (山東金宇橡膠科技有限公司), Qingdao Jianxin Investment Co., Ltd.* (青島建信投資有限公司) and Mr. Yan Wanhua were deemed to be interested in the 133,000,000 Shares held by JINYU TIRE (HONGKONG) CO., LIMITED.

8. (L) represents long position.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person who was recorded in the register of the Company as having interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to section 336 of the SFO, to be entered in the register kept by the Company.

4. ADDITIONAL DISCLOSURE OF INTERESTS AND DEALINGS

As at the Latest Practicable Date,

- (i) save as disclosed in section headed “Disclosure of Interest in the Shares of the Company” to this appendix, none of the Directors have any other interest in the Shares, derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into the Shares;
- (ii) none of the Directors have dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares during the Relevant Period;
- (iii) none of the subsidiaries of the Company, pension fund of the Company or its subsidiaries, or the person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of acting in concert or who is an associate of the Company by virtue of class (2) of the definition of associate under the Takeovers Code but excluding exempt principal traders and exempt fund managers, owned or controlled any Shares or any other convertible securities, warrants, options or derivatives in respect of Shares and none of them had dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company during the Offer Period and ending on the Latest Practicable Date;
- (iv) save for interest in 37.03% Shares held by the Offeror Concert Parties pursuant to the 2024 Concert Parties Deed, there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code between any person and 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” 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 save for the transfer of 54,438,120 Shares beneficially owned by the members of the Employee Shareholding Committee from previous trustee to the Offeror as the new trustee at nil consideration on 4 September 2024, no such person (including the Offeror and the Offeror Concert Parties) had dealt for value in Shares, convertible securities, warrants or options in the Company or any derivatives in respect of such securities during the Offer Period and ending on the Latest Practicable Date;

- (v) no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company were managed on a discretionary basis by fund managers connected with the Company and hence no such person had dealt for value in Shares, convertible securities, warrants or options in the Company or any derivatives in respect of such securities during the Offer Period and ending on the Latest Practicable Date;
- (vi) none of the Company or any Directors have borrowed or lent any Shares or any other convertible securities, warrants, options or derivatives in respect of the Shares; and
- (vii) there was no understanding, arrangement, agreement or special deal between any Shareholder on one hand and the Company, its subsidiaries or associated companies on the other hand.

Mr. Wang Jin, the Director, has indicated his intention not to accept the Offer in respect of 920,000 Shares held by him (representing approximately 0.05% of the total issued Shares as at the Latest Practicable Date). Mr. Koo Fook Sun Louis, the Director, has indicated his intention not to accept the Offer in respect of 920,000 Shares held by him (representing approximately 0.05% of the total issued Shares as at the Latest Practicable Date). Ms. Xu Chunhua, the Director, has indicated her intention not to accept the Offer in respect of 50,000 Shares held by her (representing approximately 0.003% of the total issued Shares as at the Latest Practicable Date).

5. DEALINGS AND INTEREST IN THE SHARES OF THE OFFEROR

- (i) As at the Latest Practicable Date, the Company has no shareholding in the Offeror or any warrants, options, convertible securities or derivatives in respect of any shares of the Offeror.
- (ii) As at the Latest Practicable Date, save for Mr. Liu, the sole registered shareholder of the Offeror, none of the Directors is interested within the meaning of Part XV of the SFO in any shares of the Offeror or any warrants, options, convertible securities or derivatives in respect of any shares of the Offeror.
- (iii) Neither the Company nor any of its Directors has dealt for value in any shares of the Offeror or any warrants, options, convertible securities or derivatives in respect of any shares of the Offeror during the Relevant Period.

6. ARRANGEMENT IN CONNECTION WITH THE OFFER

As at the Latest Practicable Date,

- (i) no arrangement was in place for any benefit (other than statutory compensation) to be given to any Directors as compensation for loss of office or otherwise in connection with the Offer;
- (ii) there was no agreement or arrangement between any Directors and any other person which was conditional on or dependent upon the outcome of the Offer or is otherwise connected with the Offer;

- (iii) there was no material contract entered into by the Offeror in which any Director has a material personal interest.

7. DIRECTORS' SERVICE CONTRACTS

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

Director	Expiry date of service agreement/ appointment letter (Note)	Term of the appointment (Note)	Fixed fee	Variable remuneration
Mr. Liu	17 July 2027	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	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.
Mr. Hang Youming	14 January 2027	An initial term of three years commencing from 15 January 2024 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	Nil	Nil
Mr. Wang Jin	14 January 2027	An initial term of three years commencing from 15 January 2024 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	Nil	Nil

Director	Expiry date of service agreement/ appointment letter (Note)	Term of the appointment (Note)	Fixed fee	Variable remuneration
Ms. Wang Yu	14 January 2027	An initial term of three years commencing from 15 January 2024 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	Nil	Nil
Mr. Koo Fook Sun, Louis	22 August 2026	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	USD50,000 per annum subject to adjustment from time to time.	Nil
Ms. Xu Chunhua	22 August 2026	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	USD50,000 per annum subject to adjustment from time to time.	Nil
Ms. Zhang Guoyun (Note 1)	5 September 2027	An initial term of three years commencing from 6 September 2024 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	Nil	Nil

Note:

- Ms. Zhang has entered into a letter of appointment with the Company for a term of three years commencing from 6 September 2024 with the annual fee of USD50,000 payable to Ms. Zhang as an independent non-executive Director, which has been amended and superseded by an amended letter of appointment entered into by Ms. Zhang and the Company dated 10 October 2024, pursuant to which it is further agreed that the annual fee payable to Ms. Zhang has been nil with effect from 6 September 2024.

2. For the avoidance of doubt, the terms of office of each of the above Directors shall be subject to retirement and re-election in accordance with the Listing Rules and the articles of the Company.

Save for the normal remuneration, the above Directors may receive bonus, share options or other share-based incentives, subject to the sole discretion of the Board and dependent on certain factors, including but not limited to, the operating results and requirements of the Group.

8. MATERIAL LITIGATION

As at the Latest Practicable Date, the Company was not engaged in any litigation of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened by or against the Company.

9. MATERIAL CONTRACTS

Save as disclosed below, there were no material contracts (not being a contract entered into in the ordinary course of business carried on or intended to be carried on by the Group) that have been entered into by members of the Group within the two years prior to the date of the Joint Announcement up to the Latest Practicable Date:

- (i) the investment agreement dated 27 September 2023 entered into between Jiangsu Xingda, an indirectly non-wholly owned subsidiary of the Company, and Huaqin Rubber Industry Group Co., Ltd* (華勤橡膠工業集團有限公司) in relation to, among other things, formation of a joint-venture company with a total investment amount of RMB600 million, 60% of non-cash contributions through provision of production equipment by Jiangsu Xingda towards the registered capital of the said joint-venture company and operation and management of the affairs of the joint-venture company;
- (ii) the subscription agreement dated 30 January 2024 entered into between the Company and JINYU TIRE (HONGKONG) CO., LIMITED (金宇輪胎(香港)有限公司) in relation to the subscription of 133,000,000 new Shares issued by the Company under general mandate at the price of HK\$1.31 per share;
- (iii) the subscription agreement dated 30 January 2024 entered into between the Company and HAOHUA TIRE CO., LIMITED in relation to the subscription of 39,900,000 new Shares issued by the Company under general mandate at the price of HK\$1.31 per share; and
- (iv) the subscription agreement dated 30 January 2024 entered into between the Company and Longmarch Hongkong Holding Limited (長征香港控股有限公司) in relation to the subscription of 84,780,000 new Shares issued by the Company under general mandate at the price of HK\$1.31 per share;

For details of item (i) above, please refer to the announcement of the Company dated 27 September 2023. For details of items (ii) to (iv) above, please refer to announcements of the Company dated 30 January 2024, 6 February 2024 and 8 February 2024 respectively.

10. QUALIFICATION AND CONSENT OF EXPERTS

The following are the qualifications of the experts who have given opinions or advice which are contained or referred to in this Composite Document:

Name	Qualifications
BaoQiao Partners Capital Limited	a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
Cushman & Wakefield Limited	independent property valuer
Haiwen & Partners Limited	PRC legal adviser

As at the Latest Practicable Date, each of the above experts had given and had not withdrawn its written consent to the issue of this Composite Document with the inclusion of its letter, advice and/or references to its name in the form and context in which it is included.

11. MISCELLANEOUS

As at the Latest Practicable Date,

- (iv) the registered address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands;
- (v) the principal place of business of the Company in Hong Kong is at Unit S03, 7/F, Low block, Grand Millennium Plaza, 181 Queen's Road Central, Central, Hong Kong;
- (vi) the Company's branch share registrar in Hong Kong is Boardroom Share Registrars (HK) Limited at 31/F., 148 Electric Road, North Point, Hong Kong;
- (vii) BaoQiao Partners Capital Limited is the Independent Financial Adviser and its registered office is situated at Unit 2803-05, 28/F, Tower 1, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong; and
- (viii) the English text of this Composite Document and the accompanying Form of Acceptance shall prevail over the Chinese text in case of inconsistency.

12. DOCUMENTS ON DISPLAY

Copies of the following documents are published on (i) the website of the SFC (<http://www.sfc.hk>); and (ii) the website of the Company (<https://www.irasia.com/listco/hk/xingda/index.htm>), from the date of this Composite Document until the end of the Offer Period:

- (i) the articles of the Company;
- (ii) the 2021 Annual Report, the 2022 Annual Report, the 2023 Annual Report and the 2024 Interim Report;
- (iii) the letter from the Board, the text of which is set out in this Composite Document;
- (iv) the letter from the Independent Board Committee, the text of which is set out in this Composite Document;
- (v) the letter from the Independent Financial Adviser, the text of which is set out in this Composite Document;
- (vi) the property valuation report of the Group prepared by Cushman & Wakefield Limited, the text of which is set out in this Composite Document;
- (vii) the service contracts referred to in the section headed “7. Directors’ Service Contracts” in this appendix;
- (viii) the material contracts referred to in the section headed “9. Material contracts” in this appendix;
- (ix) the written consent referred to in the section headed “10. Qualification and consent of experts” in this appendix; and
- (x) this Composite Document and the accompanying Form of Acceptance.

1. RESPONSIBILITY STATEMENT

The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this Composite Document (other than those relating to the Group) and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this Composite Document (other than opinions expressed by the Directors in the capacity as Directors) have been arrived at after due and careful consideration and there are no other facts no contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

2. DEALINGS AND INTERESTS IN THE COMPANY'S SECURITIES

On 24 September 2024, the Offeror and the Offeror Concert Parties 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.

Save for (i) the 2024 Concert Parties Deed, and (ii) the 54,438,120 Shares transferred to the Offeror at nil consideration as detailed in the section headed "REASONS FOR AND BENEFIT OF THE OFFER" in the "Letter from Shenwan Hongyuan" whereby the ultimate beneficial ownership of such Shares remained the same, none of the Offeror and the Offeror Concert Parties has dealt in, or enters into any agreement or arrangement in relation to, any Shares, options, derivatives, warrants or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) convertible into Shares during the six-month period immediately prior to the date of the Joint Announcement and up to and including the Latest Practicable Date.

As at the Latest Practicable Date, save for the 710,956,146 Shares held by the Offeror and the Offeror Concert Parties representing approximately 37.03% of the total issued share capital of the Company and 10,775,000 Award Shares awarded to the Offeror and the Offeror Concert Parties under the Share Award Scheme which remain unvested, none of the Offeror or the Offeror Concert Parties holds, owns or has control or direction over any voting rights and rights over the Shares, convertible securities, warranties, options or derivatives of the Company.

In respect of the Awarded Shares awarded to the Offeror and the Offeror Concert Parties, there is no exercise price payable for such Awarded Shares and the table below sets out the relevant vesting period of the unvested Award Shares:

Grantee	Grant Date	Vesting period	Unvested award as at the Latest Practicable Date
Mr. Liu	22 August 2019	22 August 2019 to 30 September 2025	1,600,000
Mr. Liu	30 November 2021	30 November 2021 to 31 March 2027	3,825,000
Mr. Liu Xiang	22 August 2019	22 August 2019 to 30 September 2025	800,000
Mr. Liu Xiang	30 November 2021	30 November 2021 to 31 March 2027	1,875,000
Mr. Hang Youming	22 August 2019	22 August 2019 to 30 September 2025	800,000
Mr. Hang Youming	30 November 2021	30 November 2021 to 31 March 2027	1,875,000

3. OTHER INTERESTS AND ARRANGEMENTS

The Offeror Confirms that:

- (a) save as disclosed in the section headed “2. DEALINGS AND INTERESTS IN THE COMPANY’S SECURITIES” above, neither the Offeror nor the Offeror Concert Parties has dealt for value in any securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the Relevant Period;
- (b) save as disclosed in the section headed “2. DEALINGS AND INTERESTS IN THE COMPANY’S SECURITIES” above, neither the Offeror nor the Offeror Concert Parties owned or had control or direction over any voting rights or rights over any Shares or convertible securities, warrants, options of the Company or any other relevant securities (as defined in Note 4 of Rules 22 of the Takeovers Code) of the Company as at the Latest practicable Date;
- (c) save for the Offer Price of HK\$1.30 per Offer Share, no consideration, compensation or benefit in whatever form is paid or will be paid by the Offeror or the Offeror Concert Parties to the Shareholders under the Offer;
- (d) none of the Offeror or the Offeror Concert Parties has received any irrevocable commitment to accept or reject the Offer;

- (e) there is no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between any Shareholder on the one hand and any of the Offeror and/or the Offeror Concert Parties on the other hand;
- (f) save for the 2024 Concert Parties Deed, there was no arrangement (whether by way of option, indemnity or otherwise), in relation to the shares of the Offeror or the Company and which may be material to the Offer (as referred to in Note 8 to Rule 22 of the Takeovers Code); For the shareholding in the Company owned by the parties to the 2024 Concert Parties Deed, please refer to the section headed “SHAREHOLDING STRUCTURE OF THE COMPANY” in the Letter from Shenwan Hongyuan set out in this Composite Document.
- (g) there was no agreement, arrangement to which the Offeror or any of the Offeror Concert parties is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a condition to the Offer;
- (h) none of the Offeror or the Offeror Concert Parties has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (i) there was no agreement, arrangement or understanding (including any compensation arrangement) exists between the Offeror or the Offeror Concert Parties and any Directors, recent Directors, Independent Shareholders or recent Independent Shareholders having any connection with or dependence upon the Offer;
- (j) save for the security charges entered into between the Offeror and the Offeror Concert Parties (as chargors) and Industrial Bank Co., Ltd. Hong Kong Branch (as chargee) under the facility agreement in respect of all the Shares to be held by the Offeror and the Offeror Concert Parties upon completion of the Offer, there was no other agreement, arrangement or understanding that any securities acquired in pursuance of the Offer would be transferred, charged or pledged to any other person; and
- (k) no benefit (other than statutory compensation required under the applicable laws) had been or would be given to any Directors as compensation for loss of office or otherwise in connection with the Offer.

4. MARKET PRICES

The table below sets out the closing prices of the Shares as quoted on the Stock Exchange on (i) the last Business Day of each of the calendar months during the Relevant Period; (ii) the Last Trading Day; and (iii) the Latest Practicable Date.

Date	Closing price per Shares HK\$
2024	
28 March	1.54
30 April	1.46
31 May	1.52
28 June	1.31
31 July	1.28
30 August	1.29
4 September, being the Last Trading Day	1.30
30 September	1.33
22 October, being the Latest Practicable Date	1.29

During the Relevant Period, the highest and lowest closing prices of each Share as quoted on the Stock Exchange were HK\$1.640 on 2 April 2024 and HK\$1.260 on 15 and 29 August 2024, respectively.

5. QUALIFICATION AND CONSENT OF EXPERT

The following are the qualifications of the expert who has given opinions or advice which are contained in this Composite Document

Name	Qualification
Shenwan Hongyuan Capital (H.K.) Limited	a licensed corporation 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

Shenwan Hongyuan has given, and has not withdrawn, its written consents to the issue of this Composite Document with the inclusion herein of its letter, and/or references its name in the form and context in which it is included.

6. MISCELLANEOUS

1. The Offeror is wholly owned by Mr. Liu, an executive Director of the Company. The sole director of the Offeror is Mr. Liu.
2. Information regarding the Offeror and its principal concert parties is set out below:
 - a. the registered office of the Offeror is Quijano Chambers, P.O. Box 3159, Road Town, Tortola, British Virgin Islands. The correspondence address of Mr. Liu is No. 8 Xingda Community, Dainan Town, Xinghua City, Jiangsu Province, PRC;

- b. In-Plus 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 Room 105, Building 1, Xingda Community, Dainan Town, Xinghua City, Jiangsu Province, PRC;
 - c. Wise Creative 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. 9 Xingda Community, Dainan Town, Xinghua City, Jiangsu Province, PRC; and
 - d. Widen Success 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.
3. Shenwan Hongyuan is the financial adviser to the Offeror and is making the Offer on behalf of the Offeror. The registered office of Shenwan Hongyuan is at Level 6, Three Pacific Place, 1 Queen's Road East, Hong Kong.
 4. The English text of this Composite Document and the Form of Acceptance shall prevail over the Chinese text.

7. DOCUMENTS ON DISPLAY

Copies of the following documents are available for inspection on the website of the Company at <http://www.irasia.com/listco/hk/xingda/index.htm> and the website of the SFC at <http://www.sfc.hk> from the date of this Composite Document until the end of the Offer Period:

1. the memorandum and articles of association of the Offeror;
2. the letter from Shenwan Hongyuan, the text of which is set out on pages 7 to 18 of this Composite Document; and
3. the written consent referred to in the section headed "Qualification and Consent of Expert" in this Appendix.

The following is the text of a letter, summary of valuations and valuation report prepared for the purpose of incorporation in this circular received from Cushman & Wakefield Limited, an independent property valuer, in connection with its opinion of value of the properties of the Group as at 31 July 2024.

27/F, One Island East
Taikoo Place
18 Westlands Road
Quarry Bay
Hong Kong

25 October 2024



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 31 July 2024 (the "**Valuation Date**") in the full valuation report would be incorporated into a composite document dated 25 October 2024 issued by the Company.

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 and RICS Valuation – Global Standards 2022 published by the Royal Institution of Chartered 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, The HKIS Valuation Standards 2020 published by The Hong Kong Institute of Surveyors and RICS Valuation – Global Standards 2022 published by the Royal Institution of Chartered Surveyors and Rule 11 of The Code on Takeovers and Mergers issued by the Securities and Futures Commission.

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 22 October 2024, provided for the properties in the PRC; and as revealed from title search record for the properties in Thailand, in valuing the properties, 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 completed property held by the Group for investment in the PRC, we have adopted Income Capitalisation Method. As transactions involving similar scale properties of the same nature and tenancy structure in the same districts are not frequent. On the other hand, as the property generates 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. Income Capitalisation Method is 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.

In undertaking our valuation for the property 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 including but not limited to size, location, age, quality and other relevant factors. 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 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.

SOURCE OF INFORMATION

For the properties in the PRC, 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. For the properties in Thailand, we have been provided with copies of the title documents relating to the property interests and have caused searches to be made at the appropriate land registries in Thailand.

In the course of our valuation of the properties in the PRC, 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. For the properties in Thailand, we have relied on the information and advice given by the Company and we have caused land searches at the land registries in Thailand.

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

In respect of the properties in the PRC, we have been provided with extracts of documents relating to the titles of the properties but have not carried out land title searches. 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.

In respect of the properties in Thailand, we have been provided with copies of the title documents relating to the property interest and have caused searches to be made at the appropriate land registries in Thailand.

SITE INSPECTION

We inspected the exterior and, wherever possible, the interior of the properties in September 2024. 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.

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 mainly 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 0.005% to 0.1% on the transaction amount
- The withholding tax rate on dividends is 10%. According to the tax arrangements between the PRC and Hong Kong, if the beneficial owner of the dividends is a resident of the other party and directly owns at least 25% of the capital of the company paying the dividends, the tax rate is reduced to 5% of the total dividends.
- The tax rates for Urban Maintenance and Construction Tax are 1 % to 7% depends on the location of taxpayer.
- The surcharge rate for Education Fees is 3%.
- The surcharge rate for Local Education Fees is 2%.

Thailand properties

- Corporate Income Tax (“CIT”) at 20% on gain depending on types of taxpayers
- Withholding tax at 1% to 10% depending on types of income

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.

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 = RMB0.9134 and HK\$1 = THB 4.6137.

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

Yours faithfully,
For and on behalf of
Cushman & Wakefield Limited
Grace Lam
MRICS, MHKIS, RPS (GP)
Senior Director, Valuation & Advisory Services

Note: Ms. Grace Lam is a Member of the Royal Institution of Chartered Surveyors, a Member of the Hong Kong Institute of Surveyors and Registered Professional Surveyor (General Practice). Ms. Lam has over 30 years of experience in the professional property valuation and advisory services in the Greater China region and various overseas countries. Ms. Lam 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 Ms. Grace Lam 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. ๓๓๘ 078 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 interest held for investment in the PRC	189,000,000	189,000,000
Group II - Property interests held for owner- occupation in the PRC	<u>3,530,900,000</u>	<u>2,533,681,680</u>
Sub-Total	3,719,900,000	2,722,681,680

Notes:

The market value in existing state of the property interests in the PRC and attributable to the Group as at the Valuation Date was approximately HKD4,072,764,299 and HKD2,980,951,301 respectively.

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 interests held for owner occupation in Thailand	4,186,150,000	2,943,700,680

Notes:

The market value in existing state of the property interests in Thailand and attributable to the Group as at the Valuation Date was approximately RMB836,794,867 and RMB588,434,150 respectively/HKD907,330,342 and HKD638,034,697 respectively.

VALUATION REPORT

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

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 July 2024								
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.</p> <p>The property has a GFA of approximately 6,939.29 sq m with details as follows:</p> <table border="1" style="margin-left: 20px;"> <thead> <tr> <th style="text-align: left;">Use</th> <th style="text-align: right;">GFA (sq m)</th> </tr> </thead> <tbody> <tr> <td>Office</td> <td style="text-align: right;">5,988.99</td> </tr> <tr> <td>Retail</td> <td style="text-align: right;">950.30</td> </tr> <tr> <td>Total:</td> <td style="text-align: right;">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 3,009.68 sq m were subject to various tenancies with the last term expiring in September 2029. The total monthly rent was approximately RMB286,700 (exclusive of VAT).</p> <p>Portions of the property with a total gross floor area of approximately 1,712.42 sq m was leased to the subsidiaries of the Group expiring in October 2025 at a total monthly rent of RMB177,100 (exclusive of VAT).</p> <p>The remainder portion of the property was vacant.</p>	<p>RMB189,000,000 (RENMINBI ONE HUNDRED AND EIGHTY NINE MILLION)</p> <p>(100% interest attributable to the Group: RMB189,000,000)</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 the Shanghai Housing and Land Resources Administration Bureau on 5 and 6 November 2009, the real estate ownership of 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) for terms due to expire on 27 December 2054 for commercial, office and leisure uses. Details of the Real Estate Ownership Certificates are as follows:

Certificate Nos	Gross Floor Area (sq m)	Portion	Building Use
Hu Fang Di Pu Zi (2009) Di 035394	626.10	Unit 101	Retail
Hu Fang Di Pu Zi (2009) Di 035395	168.87	Unit 102	Retail
Hu Fang Di Pu Zi (2009) Di 035180	155.33	Unit 103	Retail
Hu Fang Di Pu Zi (2009) Di 035396	1,183.78	L2	Office
Hu Fang Di Pu Zi (2009) Di 035397	1,030.93	L3	Office
Hu Fang Di Pu Zi (2009) Di 035191	1,030.93	L4	Office
Hu Fang Di Pu Zi (2009) Di 035188	1,030.93	L5	Office
Hu Fang Di Pu Zi (2009) Di 035147	1,030.93	L6	Office
Hu Fang Di Pu Zi (2009) Di 034701	569.80	Unit 701	Office
Hu Fang Di Pu Zi (2009) Di 035124	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) As advised by the Company, Xingda International (Shanghai) Special Cord Co. Ltd. (興達國際(上海)特種簾線有限公司) is a wholly owned subsidiary of the Group.
- (4) Pursuant to the tenancy agreements provided by the Company, Levels 5 and 7 of the property with gross floor areas of 1,030.93 sq m and 681.49 sq m respectively were leased to Jiangsu Xingda Steel Tyre Cord Co. Ltd. (江蘇興達鋼簾線股份有限公司) and Shanghai Xingda Steel Tyre Cord Co., Ltd. (上海興達鋼簾線有限公司) at monthly rents of RMB106,615 and RMB70,477 respectively.
- (5) 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 and Shanghai Xingda Steel Tyre Cord Co., Ltd. (上海興達鋼簾線有限公司) is a 70.32% owned subsidiary of the Group.

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

- (6) Jason Zhu, over 8 years of experience in the valuation of properties in the PRC, inspected the property in September 2024.
- (7) 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.

- (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: RMB150	5.25%
Office: RMB140	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 31 July 2024
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 various phases in 2015 to 2023. It comprises various buildings and structures with a total gross floor area of approximately 426,250 sq m completed.</p> <p>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.</p> <p>The land use rights of the property have been granted for a term due to expire on 1 November 2066 for industrial use. Please see Note (1).</p>	As at the Valuation Date, the property was occupied by the Company for industrial use.	<p>RMB1,225,000,000 (RENMINBI ONE BILLION TWO HUNDRED TWENTY FIVE MILLION)</p> <p>(70.32% interest attributable to the Group: RMB861,420,000)</p>

Notes:

- (1) According to 19 and 7 Real Estate Ownership Certificates all issued by Guangrao Bureau of Natural Resources and Planning dated 19 December 2023 and 14 June 2024 respectively, the real estate ownership of the property with a total site area of 548,817 sq m and a total gross floor area of 426,249.63 sq m was vested in Shandong Xingda Steel Cord Co. Ltd. (山東興達鋼簾線有限公司) for a term due to expire on 1 November 2066 for industrial use.
- (2) According to Business Licence No. 913705005754828133 on 27 June 2011, Shandong Xingda Steel Cord Co. Ltd. (山東興達鋼簾線有限公司) 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.
- (3) As advised by the Company, Shandong Xingda Steel Cord Co. Ltd. (山東興達鋼簾線有限公司) is a 70.32% owned subsidiary of the Group.
- (4) 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. (山東興達鋼簾線有限公司) has obtained Real Estate Ownership Certificate of portions of the property and is entitled to possess, use or transfer the property; and
- (b) the property is not subject to any mortgage.
- (5) Hanson Han, CIREA, 13 years of experience in the valuation of properties in the PRC, inspected the property on 12 September 2024.
- (6) The average unit rate of industrial land parcels in the locality as at the Valuation Date is in the range of RMB354 per sq m to RMB373 per sq m.
- (7) Breakdown of the Market Value of the property

Portion	Value as at Valuation Date
Land	RMB188,000,000
Completed Buildings	RMB1,037,000,000

- (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

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 July 2024
3. An industrial premise, No.88 Renmin West Road, Dainan Town, Xinghua City, Taizhou City, Jiangsu Province, the PRC	<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 of transferred land in nature and 8,058 sq m of allocated land in nature. Please see Note (1), Note (2) and Note (5).</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 2025.</p>	<p>RMB2,305,900,000 (RENMINBI TWO BILLION THREE HUNDRED AND FIVE MILLION NINE HUNDRED THOUSAND)</p> <p>(72.52% interest attributable to the Group: RMB1,672,261,680) (Please see Note (19))</p>
	<p>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 1,059,046 sq m erected on transferred land and 14,952 sq m erected on allocated land, completed in during 1998 and 2024. Please see Note (1), Note (2) and Note (5).</p>		
	<p>A Green Intelligent Factory with a total proposed gross floor area of approximately 80,272 sq m is currently under construction, expected to complete in 2025.</p>		
	<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>		

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 July 2024
	Please see Note (1) and Note (2).		

Notes:

- (1) According to 16 Real Estate Ownership Certificates all issued by Xingjua Bureau of Natural Resources and Planning, the real estate ownership of portion of the property with a total site area of 1,440,752.11 sq m and a total gross floor area of 964,921.03 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.
- (2) According to Real Estate Ownership Certificate No. 2021 (0001660) issued by Xingjua Bureau of Natural Resources and Planning, the real estate ownership of portion of the property with a total site area of 146,508.70 sq m and a total gross floor area of 94,124.99 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.
- (3) As advised by the Company, portion of the property with a total gross floor area of 7,586.63 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 in Note (3).
- (5) According to Real Estate Ownership Certificate No. (2020) 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 in Note (5) due to the non-assignment restriction of allocated land nature of the said portion.
- (7) According to Planning Permit for Construction Works No. 3212812024GG0027466 issued by the Natural Resources and Planning Bureau of Xinghua City on 26 February 2024, the construction works of the development (Green Intelligent Factory) with a total gross floor area of approximately 80,272.09 sq m are in compliance with the construction works requirements and have been approved.
- (8) According to Permit for Commencement of Construction Works No. 321281202403180101 issued by the People's Government of Dainan Town of Xinghua City on 18 March 2024, the construction works of the development (Green Intelligent Factory) with a total gross floor area of approximately 80,272.09 sq m is in compliance with the requirement for works commencement and has been permitted.
- (9) 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.
- (10) 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.
- (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 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 RMB51,900,000. The estimated total construction cost was RMB117,600,000. In the course of our valuation, we have taken into account for such costs.

- (14) The development value of the under development portion of the property as if completed as at Valuation Date was RMB117,600,000. The said portion will be completed in 2025.
- (15) We have been provided with a legal opinion/advice 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;
 - (c) the Group has obtained certain construction permits for the buildings under construction which have not obtained Building Ownership Certificate. There is no material legal obstacles for the Group to possess or use the said portion; and
 - (d) buildings located outside the site boundary may face risks from the Natural Resources Authority of the County Government or higher. Such risks include orders to return illegally occupied land, mandates to dismantle structures within a specified timeframe, or confiscation of buildings and other facilities. Additionally, fines ranging from RMB100 to 1,000 per sq m for illegal land occupation may be imposed.
- (16) Hui Huang, CIREA, 14 years of experience in the valuation of properties in the PRC, inspected the property on 19 September 2024.
- (17) The average unit rate of industrial land parcels in the locality as at the Valuation Date is about RMB278 per sq m.
- (18) Breakdown of the Market Value of the property

Portion	Value as at Valuation Date
Land	RMB405,000,000
Completed Buildings	RMB1,849,000,000
Buildings Under Development	RMB51,900,000

- (19) Breakdown of the Market Value by property owner

Owner	Value as at Valuation Date
Taizhou Xingda Special Wire Rope Co. Ltd.	RMB171,000,000
Jiangsu Xingda Steel Tyre Cord Co. Ltd.	RMB2,134,900,000

- (20) 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
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Construction Works	Yes
Business Licence	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 31 July 2024																								
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	<p>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.</p> <p>As of inspection date, there have been some additional construction built and replaced from November 2022 for electroplating workshop, roofing stainless sheet, installation of 10 MV photovoltaic (PV) Hybrid System as well as repair/change the broken/out of order items of the utilities system.</p> <p>The property has a total gross floor area of approximately 110,914.00 sq m. Details summarized as follows.</p>	As at the Valuation Date, the property was occupied by the Company for industrial use.	<p>THB4,033,400,000 (THAI BAHT FOUR BILLION THIRTY THREE MILLION AND FOUR HUNDRED THOUSAND)</p> <p>(70.32% interest attributable to the Group: THB2,836,286,880)</p>																								
	<table border="1"> <thead> <tr> <th>Type of property</th> <th>GFA (sq m)</th> </tr> </thead> <tbody> <tr> <td>Product Storage</td> <td>14,280.00</td> </tr> <tr> <td>Strand Workshop</td> <td>22,860.00</td> </tr> <tr> <td>Water Tank</td> <td></td> </tr> <tr> <td>Workshop</td> <td>26,416.00</td> </tr> <tr> <td>Electroplating</td> <td></td> </tr> <tr> <td>Workshop</td> <td>43,032.00</td> </tr> <tr> <td>Office Building</td> <td>2,636.00</td> </tr> <tr> <td>Canteen Building</td> <td>1,690.00</td> </tr> <tr> <td>Total:</td> <td>110,914.00</td> </tr> <tr> <td>Other Improvement</td> <td>39,295.00</td> </tr> <tr> <td>Total Building and Improvements</td> <td>150,209.00</td> </tr> </tbody> </table>	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:	110,914.00	Other Improvement	39,295.00	Total Building and Improvements	150,209.00		
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Other Improvement	39,295.00																										
Total Building and Improvements	150,209.00																										

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 July 2024
	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).		
	The property is held in freehold.		

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 THB539,600,000 equivalent to approximate 70% completed as at date of valuation. Estimated outstanding cost to complete the project would be around THB200 million.

- (4) As advised by the Company, Xingda Steel Cord (Thailand) Co., Ltd is a 70.32% owned subsidiary of the Group.
- (5) Noppadon Srithiamthong, Qualified Senior Valuer, over 20 years of experience in the valuation of properties in Thailand, inspected the property on 16 September 2024.
- (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 THB4,350,000 per Rai.
- (7) Breakdown of the Market Value of the property

Portion	Value as at Valuation Date
Land	THB402,500,000 (Approximately RMB80,458,162)
Completed Buildings	THB3,630,900,000 (Approximately RMB725,802,583)

- (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

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 July 2024
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. 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.	THB152,750,000 (THAI BAHT ONE HUNDRED FIFTY TWO MILLION AND SEVEN HUNDRED FIFTY THOUSAND) (70.32% interest attributable to the Group: THB107,413,800)

Floor	GFA (sq m)	
	Building A 6-Storey	Building B 2-Storey
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

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).

The property is held in freehold.

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.	Rai	Area	
				Ngan	Sq wah
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) According to the information provided 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 the Company, Xingda Steel Cord (Thailand) Co., Ltd is a 70.32% owned subsidiary of the Group.
- (5) Tatchada Supakornpichan, Qualified Senior Valuer, over 20 years of experience in the valuation of properties in Thailand, inspected the property on 16 September 2024.
- (6) The average unit rate of residential land parcels in the locality as at the Valuation Date is in the range of THB2,000,000 per Rai to THB6,500,000 per Rai.
- (7) Breakdown of the Market Value of the property

Portion	Value as at Valuation Date
Land	THB27,420,000 (Approximately RMB5,481,150)
Completed Buildings	THB125,330,000 (Approximately RMB25,052,972)

- (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