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XINGDA

**兴 达**

**XINGDA INTERNATIONAL HOLDINGS LIMITED**

**興達國際控股有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1899)**

**DISCLOSEABLE TRANSACTION:  
CAPITAL INCREASE AGREEMENT  
AND  
DISCLOSEABLE TRANSACTION:  
EQUITY TRANSFER AGREEMENT**

**CAPITAL INCREASE AGREEMENT**

On 12 April 2019, Faith Maple, a direct wholly-owned subsidiary of the Company, entered into the Capital Increase Agreement with the Other Equity Holders, pursuant to which Faith Maple agreed to inject a total of RMB715,000,000 (equivalent to approximately HK\$834,306,000) in cash to increase the registered capital and capital reserves of Jiangsu Xingda, which is an indirect non-wholly owned subsidiary of the Company. As at the date of this announcement, Jiangsu Xingda is owned as to approximately 22.28826%, 8.17237%, 0.00007%, 0.00007% and 69.53923% by Jiangsu Xinghongda, the Union, Xingdai, Mr. Zhang and Faith Maple, respectively.

Upon completion of the Capital Increase, Jiangsu Xingda will be owned as to approximately 19.43743%, 7.12706%, 0.00007%, 0.00007% and 73.43537% by Jiangsu Xinghongda, the Union, Xingdai, Mr. Zhang and Faith Maple, respectively. Jiangsu Xingda will remain as a non-wholly owned subsidiary of the Company upon completion of the Capital Increase.

## **EQUITY TRANSFER AGREEMENT**

On 12 April 2019, Faith Maple entered into the Equity Transfer Agreement with Jiangsu Xingda, pursuant to which Faith Maple agreed to transfer 90% equity interests in Jiangsu Xingda Special Cord to Jiangsu Xingda at a consideration of RMB676,345,300. As at the date of this announcement, Jiangsu Xingda Special Cord is owned as to 90% by Faith Maple and as to 10% by Jiangsu Xingda.

Upon completion of the Equity Transfer, Jiangsu Xingda Special Cord will be owned as to 100% by Jiangsu Xingda and will remain as a subsidiary of the Company.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in relation to the Capital Increase exceeds 5% but is less than 25%, the Capital Increase constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in relation to the Equity Transfer exceeds 5% but is less than 25%, the Equity Transfer constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **INTRODUCTION**

On 12 April 2019, Faith Maple, a direct wholly-owned subsidiary of the Company:

- (1) entered into the Capital Increase Agreement with the Other Equity Holders for the Capital Increase in Jiangsu Xingda; and
- (2) entered into the Equity Transfer Agreement with Jiangsu Xingda in respect of the transfer of 90% equity interests in Jiangsu Xingda Special Cord to Jiangsu Xingda.

## **THE CAPITAL INCREASE AGREEMENT**

The principal terms and conditions of the Capital Increase Agreement are as follows:

Date: 12 April 2019

Parties: (a) Faith Maple; and  
(b) the Other Equity Holders

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, Jiangsu Xinghongda, the Union, Xingdai and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

### **The Capital Increase**

As at the date of this announcement, Jiangsu Xingda has a registered capital of RMB1,500,000,000 (equivalent to approximately HK\$1,750,292,000) and is owned as to approximately 22.28826%, 8.17237%, 0.00007%, 0.00007% and 69.53923% by Jiangsu Xinghongda, the Union, Xingdai, Mr. Zhang and Faith Maple, respectively.

Pursuant to the Capital Increase Agreement, Faith Maple agreed to inject a total of RMB715,000,000 (equivalent to approximately HK\$834,306,000) in cash to subscribe for 220,000,000 shares of Jiangsu Xingda at the subscription price of RMB3.25 per share. The registered capital and capital reserves of Jiangsu Xingda will be increased by RMB220,000,000 and RMB495,000,000, respectively, upon completion of the Capital Increase.

Upon completion of the Capital Increase, Jiangsu Xingda will be owned as to approximately 19.43743%, 7.12706%, 0.00007%, 0.00007% and 73.43537% by Jiangsu Xinghongda, the Union, Xingdai, Mr. Zhang and Faith Maple, respectively. Jiangsu Xingda will remain as a non-wholly owned subsidiary of the Company upon completion of the Capital Increase.

### **Consideration**

Pursuant to the Capital Increase Agreement, Faith Maple shall pay the consideration of RMB715,000,000 in relation to the Capital Increase within 90 days following the signing of the Capital Increase Agreement.

The consideration was determined after arm's length negotiations between Faith Maple and the Other Equity Holders with reference to a discount on the net asset value of Jiangsu Xingda as at the date of the Capital Increase Agreement. The consideration payable by Faith Maple will be financed by (i) proceeds from the Equity Transfer; and (ii) internal resources of the Group.

### **THE EQUITY TRANSFER AGREEMENT**

The principal terms and conditions of the Equity Transfer Agreement are as follows:

- Date: 12 April 2019
- Parties: (a) Faith Maple; and  
(b) Jiangsu Xingda

## The Equity Transfer

Faith Maple agreed to transfer 90% equity interests in Jiangsu Xingda Special Cord to Jiangsu Xingda at a consideration of RMB676,345,300. As at the date of this announcement, Jiangsu Xingda Special Cord is owned as to 90% by Faith Maple and as to 10% by Jiangsu Xingda.

Upon completion of the Equity Transfer, Jiangsu Xingda Special Cord will be owned as to 100% by Jiangsu Xingda and will remain as a subsidiary of the Company.

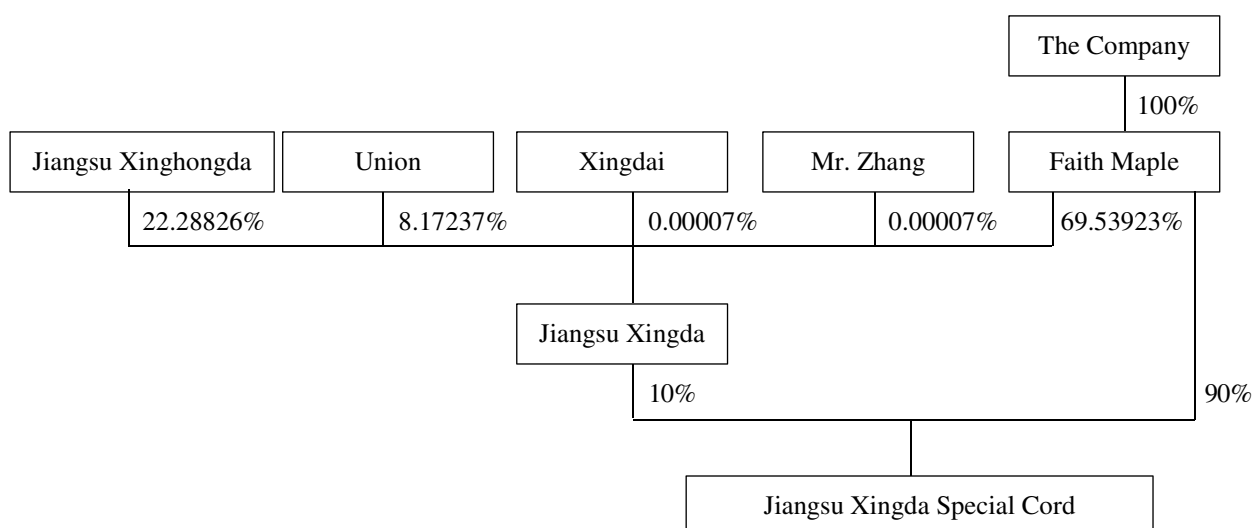
## Consideration

The total consideration payable for the Equity Transfer is RMB676,345,300, which shall be payable by Jiangsu Xingda to Faith Maple in cash or cash equivalent within 90 days following the signing of the Equity Transfer Agreement.

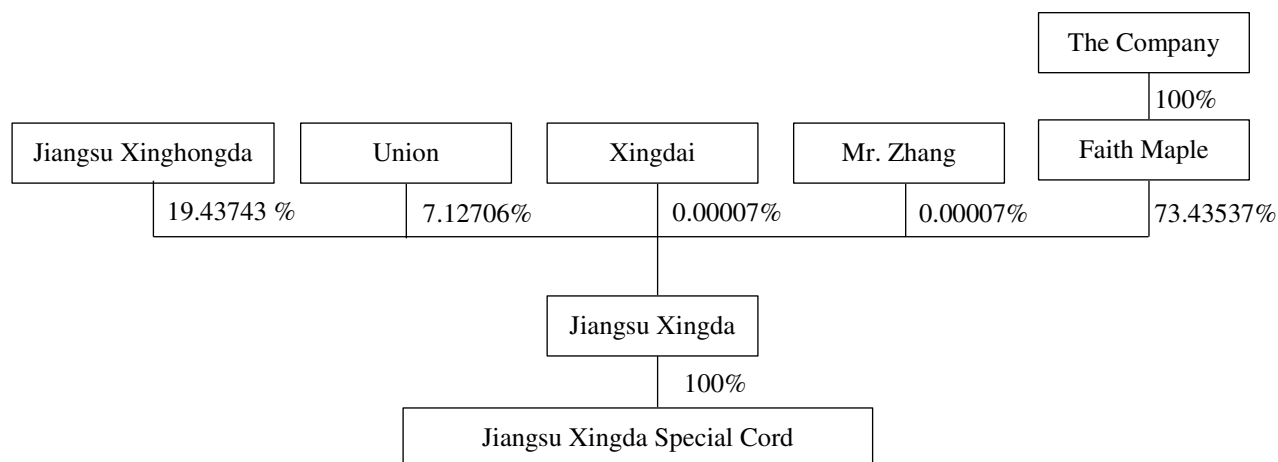
The consideration was determined after arm's length negotiations between Faith Maple and Jiangsu Xingda with reference to the net asset value of Jiangsu Xingda Special Cord, excluding the distributable profits and reserves, as at the date of the Equity Transfer Agreement. The consideration payable by Jiangsu Xingda will be financed by the internal resources of the Group.

## CORPORATE STRUCTURE BEFORE AND AFTER COMPLETION OF THE TRANSACTIONS CONTEMPLATED UNDER THE CAPITAL INCREASE AGREEMENT AND THE EQUITY TRANSFER AGREEMENT

### Before completion



## After completion



## INFORMATION OF JIANGSU XINGDA

Jiangsu Xingda is a sino-foreign joint venture limited liability company established in the PRC and is principally engaged in manufacturing and distribution of radial tire cords, bead wires and other wires.

Set out below is the audited financial information of Jiangsu Xingda for the two years ended 31 December 2017 and 2018 respectively:

	<b>For the year ended 31 December 2018 RMB</b>	<b>For the year ended 31 December 2017 RMB</b>
Profit/(loss) before taxation	367,310,000	300,136,000
Profit/(loss) after taxation	321,365,000	249,795,000

The audited net asset value of Jiangsu Xingda as at 31 December 2018 was approximately RMB6,358,698,000.

## INFORMATION OF JIANGSU XINGDA SPECIAL CORD

Jiangsu Xingda Special Cord is a sino-foreign joint venture limited liability company established in the PRC and is principally engaged in manufacturing of radial tire cords and bead wires.

Set out below is the audited financial information of Jiangsu Xingda Special Cord for the two years ended 31 December 2017 and 2018 respectively:

	<b>For the year ended 31 December 2018 RMB</b>	<b>For the year ended 31 December 2017 RMB</b>
Profit/(loss) before taxation	86,685,000	103,999,000
Profit/(loss) after taxation	66,464,000	77,944,000

The audited net asset value of Jiangsu Xingda Special Cord as at 31 December 2018 was approximately RMB927,102,000.

### **REASONS FOR AND BENEFITS OF THE CAPITAL INCREASE AND THE EQUITY TRANSFER**

The entering into of (i) the Equity Transfer Agreement; and (ii) the Capital Increase Agreement constitutes the Group's restructuring exercise. As a result of such restructuring exercise, the Group's effective interest in Jiangsu Xingda Special Cord will decrease from approximately 96.95% to approximately 73.44% whereas the Group's effective interest in Jiangsu Xingda will increase from approximately 69.54% to approximately 73.44%. It is expected that the Group will have the following economic benefits as a result of such restructuring exercise:–

1. the net asset value contributed to the Group upon an increase in the effective interest in Jiangsu Xingda will exceed the net asset value disposed of by the Group upon a decrease in the effective interest in Jiangsu Xingda Special Cord; and
2. the operating scale and profit contributions for the period from 1 January 2007 to 31 December 2018 of Jiangsu Xingda were the largest among the subsidiaries of the Company. In addition, Jiangsu Xingda is entitled to a preferential income tax rate of 15% whereas the other subsidiaries of the Company incorporated in the PRC are subject to an income tax rate of 25%. It is expected that an increase in the effective interest in Jiangsu Xingda would generally contribute more profits to the shareholders of the Company.

It is expected that completion of the Equity Transfer will take place before completion of the Capital Increase and the net proceeds from the Equity Transfer will be used as subscription monies by Faith Maple for the subscription of 220,000,000 shares of Jiangsu Xingda in relation to the Capital Increase.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Capital Increase Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Further, the Directors (including the independent non-executive Directors) are of the view that the terms of the Equity Transfer Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **INFORMATION OF THE GROUP**

The Group is principally engaged in the manufacturing and distributing of radial tire cords, bead wires and other wires.

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

Jiangsu Xingda is principally engaged in the business of manufacture and distribution of radial tire cords, bead wires and other wires.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in relation to the Capital Increase exceeds 5% but is less than 25%, the Capital Increase constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in relation to the Equity Transfer exceeds 5% but is less than 25%, the Equity Transfer constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

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

“Board”	the board of Directors
“Capital Increase”	the injection of an aggregate amount of RMB715,000,000 to the capital of Jiangsu Xingda by Faith Maple pursuant to the terms of the Capital Increase Agreement where RMB220,000,000 shall be applied to subscribe for the registered capital of Jiangsu Xingda to be increased and the remaining RMB495,000,000 shall be applied to the capital reserves of Jiangsu Xingda
“Capital Increase Agreement”	the capital increase agreement dated 12 April 2019 entered into by Faith Maple and the Other Equity Holders in relation to, among other things, the Capital Increase

“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
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Equity Transfer”	the transfer of 90% equity interests in Jiangsu Xingda Special Cord by Faith Maple to Jiangsu Xingda pursuant to the terms of the Equity Transfer Agreement
“Equity Transfer Agreement”	the equity transfer agreement dated 12 April 2019 entered into by Faith Maple and Jiangsu Xingda in relation to, among other things, the Equity Transfer
“Faith Maple”	Faith Maple International Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company
“Other Equity Holders”	means, collectively, Jiangsu Xinghongda, the Union and Xingdai, which hold, in aggregate, approximately 30.46% of the equity interests in Jiangsu Xingda as at the date of this announcement
“Group”	the company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Jiangsu Xingda”	江蘇興達鋼簾線股份有限公司 (Jiangsu Xingda Steel Tyre Cord Co. Ltd.*), a sino-foreign joint venture limited liability company established in the PRC and an indirect non-wholly owned subsidiary of the Company
“Jiangsu Xingda Special Cord”	江蘇興達特種金屬複合線有限公司 (Jiangsu Xingda Special Cord Co., Ltd.*), a sino-foreign joint venture limited liability company established in the PRC
“Jiangsu Xinghongda”	江蘇興宏達實業有限公司 (Jiangsu Xinghongda Industrial Ltd.*), a company established under the laws of the PRC with limited liability



“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Zhang”	Mr. Zhang Yuxiao, a Director
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the Company from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Union”	江蘇興達鋼簾線股份有限公司工會 (Labour Union of Jiangsu Xingda Steel Tyre Cord Co. Ltd.*)
“Xingdai”	興化市興戴貿工農總公司 (Xinghua Xingdai Commercial and Industrial Company*), a company established under the laws of the PRC with limited liability
“%”	per cent.

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

Shanghai, the PRC, 12 April 2019

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

\* *for identification only*