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: 01899)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2018

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2018 (unaudited)	2017 (unaudited)	
	RMB in Million	*RMB in Million*	**CHANGE**
Revenue	**3,677.7**	3,215.7	+14.4%
Gross profit	**617.6**	717.5	-13.9%
Gross profit margin	**16.8%**	22.3%	-5.5pp
EBITDA *(Note 1)*	**512.5**	641.0	-20.0%
Profit attributable to owners of the Company	**127.2**	212.9	-40.3%
Adjusted profit attributable to owners of the Company *(Note 2)*	**130.3**	217.0	-39.9%
Earnings per share - basic (RMB fen)	**8.57**	14.50	-40.9%

	As at		
	30.6.2018 (unaudited)	31.12.2017 (audited)	
Gearing ratio	**9.2%**	7.7%	+1.5pp

Notes:
1. *It is arrived at profit before finance costs, income tax expense, depreciation and amortisation.*
2. *It is defined as profit attributable to owners of the Company excluding deferred tax charges related to the provision of withholding tax and net exchange loss (gain) arising from non-operating activities. Please refer to "Reconciliation of report profit and underlying profit" under "Financial Review" in "Management Discussion and Analysis" section of this announcement for details.*

INTERIM RESULTS

The board of directors (the "Board") of Xingda International Holdings Limited (the "Company") is pleased to announce the condensed consolidated financial statements of the Company and its subsidiaries (the "Group" or "Xingda") for the six months ended 30 June 2018 together with the comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2018

		Six months ended 30 June	
	NOTES	**2018**	2017
		(unaudited)	(unaudited)
		RMB'000	*RMB'000*
Revenue	3	**3,677,652**	3,215,739
Cost of sales		**(3,060,101)**	(2,498,247)
Gross profit		**617,551**	717,492
Other income		**80,588**	49,661
Other gains and losses, net	4	**(21,922)**	(3,421)
Government grants		**5,798**	26,421
Distribution and selling expenses		**(234,838)**	(231,042)
Administrative expenses		**(170,266)**	(151,642)
Other expenses		**(30,570)**	(30,600)
Finance costs		**(26,864)**	(17,940)
Profit before tax		**219,477**	358,929
Income tax expense	5	**(43,358)**	(70,064)
Profit and total comprehensive income for the period	6	**176,119**	288,865
Profit and total comprehensive income for the period attributable to:			
Owners of the Company		**127,187**	212,887
Non-controlling interests		**48,932**	75,978
		176,119	288,865
Earnings per share	8		
Basic (RMB fen)		**8.57**	14.50

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2018

	NOTES	As at 30 June 2018 (unaudited) RMB'000	As at 31 December 2017 (audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**3,752,817**	3,817,310
Prepaid lease payments		**339,010**	342,575
Investment properties		**148,540**	148,540
Deposits paid for prepaid lease payments		**21,936**	—
Fixed bank deposits with more than three months to maturity when placed		**1,000,000**	1,000,000
Deferred tax assets		**15,772**	15,628
Prepayments		**31,463**	32,963
		5,309,538	5,357,016
CURRENT ASSETS			
Prepaid lease payments		**7,130**	7,130
Inventories		**708,565**	724,558
Trade, bill and other receivables	9	**5,096,557**	5,448,113
Pledged bank deposits		**89,000**	68,000
Bank balances and cash		**810,059**	756,985
		6,711,311	7,004,786
CURRENT LIABILITIES			
Trade, bill and other payables	10	**3,271,487**	3,925,184
Contract liabilities		**6,002**	—
Amount due to a related company		**3,935**	3,977
Dividend payables to non-controlling interests of a subsidiary		**25,432**	—
Dividend payables		**186,143**	—
Tax liabilities		**33,644**	28,342
Borrowings - due within one year		**1,110,828**	953,030
Government grants		**7,000**	7,000
		4,644,471	4,917,533
NET CURRENT ASSETS		**2,066,840**	2,087,253
TOTAL ASSETS LESS CURRENT LIABILITIES		**7,376,378**	7,444,269
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**13,950**	11,436
NET ASSETS		**7,362,428**	7,432,833

	NOTE	As at 30 June 2018 (unaudited) RMB'000	As at 31 December 2017 (audited) RMB'000
CAPITAL AND RESERVES			
Share capital	11	**147,760**	147,923
Share premium and other reserves		**5,149,500**	5,219,404
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**5,297,260**	5,367,327
NON-CONTROLLING INTERESTS		**2,065,168**	2,065,506
TOTAL EQUITY		**7,362,428**	7,432,833

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Six months ended 30 June	
	2018	2017
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
OPERATING ACTIVITIES		
Profit before tax	**219,477**	358,929
Depreciation and amortisation	**266,121**	264,089
Decrease (increase) in inventories	**15,993**	(181,599)
Decrease (increase) in trade, bill and other receivables	**351,556**	(477,168)
(Decrease) increase in trade, bill and other payables	**(621,041)**	382,308
Increase in contract liabilities	**6,002**	—
Income taxes paid	**(35,686)**	(63,209)
Other operating cash flows	**17,482**	(27,714)
NET CASH FROM OPERATING ACTIVITIES	**219,904**	255,636
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	**(234,261)**	(124,677)
Proceeds on disposal of property, plant and equipment	**1,826**	1,527
Interest received	**1,675**	1,689
Placement of pledged bank deposits	**(75,000)**	(20,000)
Deposits paid for prepaid lease payments	**(21,936)**	(13,307)
Withdrawal of pledged bank deposits	**54,000**	69,500
NET CASH USED IN INVESTING ACTIVITIES	**(273,696)**	(85,268)
FINANCING ACTIVITIES		
New bank and other borrowings raised	**452,000**	167,983
Repayment of bank and other borrowings	**(294,202)**	(130,668)
Interest paid	**(25,994)**	(18,341)
Dividend paid to non-controlling interests of a subsidiary	**(20,258)**	(18,858)
Payment on repurchase of ordinary shares	**(4,680)**	—
NET CASH FROM FINANCING ACTIVITIES	**106,866**	116
NET INCREASE IN CASH AND CASH EQUIVALENTS	**53,074**	170,484
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**756,985**	480,170
CASH AND CASH EQUIVALENTS AT 30 JUNE, represented by bank balances and cash	**810,059**	650,654

NOTES:

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 "I*nterim Financial Reporting*" issued by the International Accounting Standards Board (the "IASB") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Stock Exchange").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties, which is measured at fair values, as appropriate.

Other than changes in accounting policies resulting from application of new International Financial Reporting Standards ("IFRS"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2018 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2017.

Application of new and amendments to IFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to IFRSs issued by the IASB which are mandatory effective for the annual period beginning on or after 1 January 2018 for the preparation of the Group's condensed consolidated financial statements:

IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) - Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
Amendments to IAS 28	As part of the Annual Improvements to IFRSs 2014 - 2016 Cycle
Amendments to IAS 40	Transfer of Investment Property

The new and amendments to IFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as described below.

2.1 Impacts and changes in accounting policies of application on IFRS 15 *Revenue from Contracts with Customers*

The Group has applied IFRS 15 for the first time in the current interim period. IFRS 15 superseded IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related interpretations.

The Group recognises revenue from the sales of radial tire cords, bead wires and other wires.

The Group has applied IFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 January 2018. In accordance with the transition provisions in IFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 January 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under IAS 18 *Revenue* and IAS 11 *Construction Contracts* and the related interpretations.

2.1.1 Key changes in accounting policies resulting from application of IFRS 15

IFRS 15 introduces a 5-step approach when recognising revenue:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation.

Under IFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Under IFRS 15, revenue from sales of product is recognised when products are delivered and customer acceptance has been obtained, which is the point of time when the control of the products had been transferred and customer has the ability to direct the use of the product and obtain substantially all of the remaining benefit of the products.

2.1.2 Summary of effects arising from initial application of IFRS 15

As at 1 January 2018, the Group has trade deposits received from customers amounted to RMB4,528,000 previously included in trade and other payables were reclassified to contract liabilities. The impacts from the application of IFRS 15 thereof are detailed in Note 2.3.

The following table summarise the impact of applying IFRS 15 on the Group's condensed consolidated statement of financial position on at 30 June 2018 for each of the line items affect. Line items that were not affected by the changes have not been included.

Impact on the condensed consolidated statement of financial position.

Current liabilities	As reported	Adjustments	Amounts without application of IFRS 15
	RMB'000	*RMB'000*	*RMB'000*
Trade, bill and other payables	3,271,487	6,002	3,277,489
Contract liabilities	6,002	(6,002)	—

2.2 Impacts and changes in accounting policies of application on IFRS 9 *Financial Instruments*

In the current period, the Group has applied IFRS 9 *Financial Instruments* and the related consequential amendments to other IFRSs. IFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets and 3) general hedge accounting.

The Group has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9. i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under IAS 39 *Financial Instruments: Recognition and Measurement*.

2.2.1 Key changes in accounting policies resulting from application of IFRS 9

Classification and measurement of financial assets

Trade receivables arising from contracts with customers are initially measured in accordance with IFRS 15.

All recognised financial assets that are within the scope of IFRS 9 are subsequently measured at amortised cost or fair value, including unquoted equity investments measured at cost less impairment under IAS 39.

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss ("FVTPL"), except that at the date of initial application/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income ("OCI") if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

In addition, the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

The directors of the Company reviewed and assessed the Group's financial assets as at 1 January 2018 based on the facts and circumstances that existed at that date. Changes in measurement on the Group's financial assets and the impacts thereof are detailed in Note 2.2.2.

Impairment under ECL model

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under IFRS 9 (including trade, bill and other receivables, fixed bank deposits with more than three months to maturity when placed, pledged bank deposits and bank balances and cash). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade and bill receivables. The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings of receivables that share similar credit risk characteristics.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group considers that default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

As at 1 January 2018, the directors of the Company reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of IFRS 9. The results of the assessment and the impact thereof are detailed in Note 2.2.2.

2.2.2 Summary of effects arising from initial application of IFRS 9

The table below illustrates the measurement (including impairment) of financial assets subject to ECL under IFRS 9 and IAS 39 at the date of initial application, 1 January 2018.

	Note	Amortised cost (previously classified as loans and receivables)	Retained profits	Non-controlling interests
		RMB'000	*RMB'000*	*RMB'000*
Closing balance at 31 December 2017 (audited) - IAS 39		7,220,765	4,089,720	2,065,506
Effect arising from initial application of IFRS 9:				
Remeasurement				
Impairment under ECL model	(a)	(12,646)	(9,066)	(3,580)
Opening balance at 1 January 2018		7,208,119	4,080,654	2,061,926

Note:

(a) Impairment under ECL model

The Group applies the IFRS 9 simplified approach to measure ECL which uses a lifetime ECL for trade and bill receivables. To measure the ECL, trade and bill receivables have been grouped based on shared credit risk characteristics. The Group has therefore concluded that the expected loss rates for the trade and bill receivables are reasonable.

Loss allowances for other financial assets at amortised cost mainly comprise of fixed bank deposits with more than three months to maturity when placed, other receivables, pledged bank deposits and bank balances, are measured on 12m ECL basis and there had been no significant increase in credit risk since initial recognition.

As at 1 January 2018, the additional credit loss allowance of RMB12,646,000 has been recognised against retained profits and non-controlling interests. The additional loss allowance is charged against the trade and bill receivables.

All loss allowance for trade and bill receivables as at 31 December 2017 reconciled to the opening loss allowance as at 1 January 2018 is as follows:

	Trade and bill receivables
	RMB'000
At 31 December 2017 - IAS 39	82,288
Amounts remeasured through opening retained profits and non-controlling interests	12,646
At 1 January 2018	94,934

2.3 Impacts on opening condensed consolidated statement of financial position arising from the application of all new standards

As a result of the changes in the entity's accounting policies above, the opening condensed consolidated statement of financial position had to be restated. The following table show the adjustments recognised for each individual line item.

	31 December 2017 (Audited)	Impact on adoption of IFRS 15	Impact on adoption of IFRS 9	1 January 2018 (Restated)
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Property, plant and equipment	3,817,310	—	—	3,817,310
Prepaid lease payments	342,575	—	—	342,575
Investment properties	148,540	—	—	148,540
Fixed bank deposits with more than three months to maturity when placed	1,000,000	—	—	1,000,000
Deferred tax assets	15,628	—	—	15,628
Prepayments	32,963	—	—	32,963
	5,357,016			5,357,016
CURRENT ASSETS				
Prepaid lease payments	7,130	—	—	7,130
Inventories	724,558	—	—	724,558
Trade, bill and other receivables	5,448,113	—	(12,646)	5,435,467
Pledged bank deposits	68,000	—	—	68,000
Bank balances and cash	756,985	—	—	756,985
	7,004,786			6,992,140

CURRENT LIABILITIES				
Trade, bill and other payables	3,925,184	(4,528)	—	3,920,656
Contract liabilities	—	4,528	—	4,528
Amount due to a related company	3,977	—	—	3,977
Tax liabilities	28,342	—	—	28,342
Borrowings - due within one year	953,030	—	—	953,030
Government grants	7,000	—	—	7,000
	4,917,533			4,917,533
NET CURRENT ASSETS	2,087,253			2,074,607
TOTAL ASSETS LESS CURRENT LIABILITIES	7,444,269			7,431,623
NON-CURRENT LIABILITIES				
Deferred tax liabilities	11,436	—	—	11,436
NET ASSETS	7,432,833			7,420,187
CAPITAL AND RESERVES				
Share capital	147,923	—	—	147,923
Reserves	5,219,404	—	(9,066)	5,210,338
	5,367,327			5,358,261
Non-controlling interests	2,065,506	—	(3,580)	2,061,926
TOTAL EQUITY	7,432,833			7,420,187

3. REVENUE AND SEGMENT INFORMATION

Disaggregation of revenue

The following is an analysis of the Group's revenues from its major products:

	Six months ended 30 June 2018 (unaudited) *RMB'000*
Sale of products	
Radial tire cords	
- For trucks	**2,198,808**
- For passenger cars	**1,038,029**
Bead wires and other wires	**440,815**
	3,677,652

Timing of revenue recognition

A point in time	**3,677,652**

The contracts for sales of goods to external customers are short-term and the contract prices are fixed.

The Group's customers were tyre manufacturers in the PRC and other countries.

The directors of the Company ("Directors"), being the chief operating decision maker of the Group, regularly review revenue analysis by types of products which are basically radial tire cords, bead wires and other wires, for the purposes of resource allocation and assessment of performance. However, other than revenue analysis, no operating results or other discrete financial information is available for the assessment of performance of the respective types of products. The Directors review the operating results of the Group as a whole to make decisions about resource allocation. The operation of the Group constitutes one single operating and reportable segment under IFRS 8 "Operating Segments" and accordingly no separate segment information is prepared. The information about its non-current assets (other than deferred tax assets) by geographical locations of the assets are details below:

	As at 30 June 2018 (unaudited) ***RMB'000***	As at 31 December 2017 (audited) *RMB'000*
PRC	**5,227,471**	5,275,093
Thailand	**66,295**	66,295
	5,293,766	5,341,388

Geographical information

Information about the Group's revenue from operations from external customers is presented based on the location of the goods delivered.

	Six months ended 30 June	
	2018	2017
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
The PRC (country of domicile)	**2,790,942**	2,430,879
Asia (excluding PRC)	**439,657**	400,022
North America	**188,384**	168,351
Europe	**148,130**	116,042
South America	**88,605**	84,102
Others	**21,934**	16,343
	3,677,652	3,215,739

"Others" included revenue from various countries which are individually less than 10% of the Group's total revenue.

No customers contribute over 10% of the total revenue of the Group for the six months ended 30 June 2018 and 2017.

4. OTHER GAINS AND LOSSES, NET

	Six months ended 30 June	
	2018	2017
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
Impairment loss recognised on trade and other receivables	**6,639**	3,597
Net foreign exchange loss	**15,596**	345
Loss on disposal of property, plant and equipment	**846**	591
Impairment loss reversed on trade and other receivables	**(1,159)**	(1,112)
	21,922	3,421

5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2018	2017
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
Current tax		
Current period	**39,705**	65,225
Underprovision in prior year	**1,283**	897
Deferred tax	**2,370**	3,942
	43,358	70,064

Current tax provision represents provision for PRC Enterprise Income tax ("PRC EIT") which is calculated at the rate prevailing on the taxable income of the group entities in the PRC. Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of EIT Law, the tax rate for certain PRC subsidiaries is 25% from 1 January 2008 onwards, except for the subsidiary described below.

In accordance with the High-tech Enterprise Certifcate issued on 6 July 2015, the status of High-tech Enterprise for Jiangsu Xingda Steel Tyre Cord Co. Ltd. ("Jiangsu Xingda") is effective for the years 2015, 2016 and 2017 which expired on 6 July 2018. On 19 June 2018, Jiangsu Xingda had applied to renew its High-tech Enterprise Certificate with the relevant authorities. As a result, the tax rate of 15% is used to calculate the amount of current and deferred tax for the six months ended 30 June 2018 and 2017, as well as the year ended 31 December 2017.

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards at a tax rate of 10%.

In the current interim period, a deferred tax charge of approximately RMB4,061,000 (2017: RMB4,146,000) was provided in the condensed consolidated financial statements in respect of temporary differences attributable to accumulated profits of Jiangsu Xingda Special Cord Co. Ltd. The aggregate amount of taxable temporary differences associated with undistributed earnings of other subsidiaries for which deferred tax liabilities have not been recognised was RMB3,220,362,000 (31 December 2017: RMB3,110,000,000). No deferred tax liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

No provision for taxation in Hong Kong has been made as the Group's income neither arises in, nor is derived from, Hong Kong for both periods.

6. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging:

	Six months ended 30 June	
	2018	2017
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
Depreciation of property, plant and equipment	**262,556**	260,607
Amortisation of prepaid lease payments	**3,565**	3,482
Research and development expenditure (included in other expenses)	**30,570**	30,600

7. DIVIDENDS

	Six months ended 30 June	
	2018	2017
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
Dividend for ordinary shareholders of the Company recognised as distribution during the period:		
Final dividend in respect of the year ended 31 December 2017 - 15.0 HK cents per share (2017: final dividend in respect of the year ended 31 December 2016 - 15.0 HK cents per share)	**186,143**	197,031

During the current interim period, a final dividend of 15.0 HK cents per ordinary share in an aggregate amount of RMB186,143,000 for the year ended 31 December 2017 was approved at the annual general meeting of the Company held on 23 May 2018.

The directors of the Company have determined that no dividend will be paid in respect of the 2018 interim period (2017: nil).

8. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 June	
	2018	2017
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
Earnings		
Profit for the period attributable to owners of the Company	**127,187**	212,887
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,484,617**	1,468,447

No diluted earnings per share for both six months period ended 30 June 2018 and 2017 were presented as there were no potential ordinary shares outstanding during both periods.

9. TRADE, BILL AND OTHER RECEIVABLES

The Group has a policy of allowing an average credit period of 120 days to its trade customers.

	As at 30 June 2018 (unaudited) *RMB'000*	As at 31 December 2017 (audited) *RMB'000*
Trade receivables	**2,787,555**	2,503,530
Less: Allowance for doubtful debts	**(100,414)**	(82,288)
	2,687,141	2,421,242
Bill receivables	**2,297,725**	2,928,758
	4,984,866	5,350,000
Advance to raw material suppliers	**15,049**	8,567
Prepayment for spools	**12,784**	15,130
Interest receivables from fixed bank deposits with more than three months to maturity when placed	**63,742**	45,780
Other receivables and prepayments	**25,757**	34,277
Less: Allowance for doubtful debts on other receivables	**(5,641)**	(5,641)
	111,691	98,113
	5,096,557	5,448,113

The following is an aged analysis of trade and bill receivables, net of allowance for doubtful debts, presented based on the invoice date at the end of the reporting period which approximated the respective revenue recognition dates:

	As at 30 June 2018 (unaudited) *RMB'000*	As at 31 December 2017 (audited) *RMB'000*
Trade receivables		
0 - 90 days	**1,928,568**	1,987,063
91 - 120 days	**273,186**	241,601
121 - 180 days	**275,437**	141,125
181 - 360 days	**209,950**	49,297
Over 360 days	—	2,156
	2,687,141	2,421,242
Bill receivables		
0 - 90 days	**312,495**	199,392
91 - 180 days	**920,062**	1,077,549
181 - 360 days	**1,011,790**	1,468,549
Over 360 days	**53,378**	183,268
	2,297,725	2,928,758

10. TRADE, BILL AND OTHER PAYABLES

	As at 30 June 2018 (unaudited) *RMB'000*	As at 31 December 2017 (audited) *RMB'000*
Trade payables	**2,097,656**	2,779,281
Bill payables	**495,000**	340,000
	2,592,656	3,119,281
Value-added tax payable and other tax payables	**50,737**	60,425
Accrued staff costs and pension	**127,714**	210,197
Payables for purchase of property, plant and equipment	**409,425**	442,951
Accrued interest expense	**1,997**	1,223
Accrued electricity charges	**25,750**	30,350
Others	**63,208**	60,757
	678,831	805,903
	3,271,487	3,925,184

The following is an aged analysis of trade and bill payables presented based on the invoice date at the end of the reporting period:

	As at 30 June 2018 (unaudited) *RMB'000*	As at 31 December 2017 (audited) *RMB'000*
Trade payables		
0 - 90 days	**1,409,936**	1,327,866
91 - 180 days	**331,267**	1,039,377
181 - 360 days	**265,887**	331,298
Over 360 days	**90,566**	80,740
	2,097,656	2,779,281
Bill payables		
91 - 180 days	**495,000**	—
181 - 360 days	—	340,000
	495,000	340,000

11. SHARE CAPITAL

	Number of shares		Share capital	
	30 June 2018	31 December 2017	**30 June 2018**	31 December 2017
	'000	*'000*	***RMB'000***	*RMB'000*
Authorised:				
3 billion ordinary shares of HK$0.1 each	**3,000,000**	3,000,000	**301,410**	301,410
Issued and fully paid:				
At beginning of period	**1,486,396**	1,468,447	**147,923**	146,365
Issue of scrip shares	—	23,347	—	2,012
Shares repurchased and cancelled (Note)	**(1,844)**	(5,398)	**(163)**	(454)
At end of period	**1,484,552**	1,486,396	**147,760**	147,923

Note: During the interim review period, the Company repurchased its own shares through the Stock Exchange of 1,844,000 shares at a total consideration of approximately HK$5,293,000 (equivalent to RMB4,680,000). These shares were cancelled subsequently after their repurchase.

MANAGEMENT DISCUSSION AND ANALYSIS

Xingda International Holdings Limited ("Company") and its subsidiaries (together the "Group" or "Xingda") are pleased to present the unaudited interim results for the six months ended 30 June 2018.

For the six months ended 30 June 2018, the Group's revenue amounted to RMB3,677.7 million, representing a growth of 14.4% from the corresponding period last year (first half of 2017: RMB3,215.7 million), which was mainly due to steady growth in demand for radial tire cord for trucks in China. The Group's gross profit dropped by 13.9% to RMB617.6 million (first half of 2017: RMB717.5 million) mainly due to the rising wire rod price, which led to higher production cost. Gross profit margin also decreased by 5.5 percentage points to 16.8% when compared with that of the same period last year (first half of 2017: 22.3%). Profit attributable to owners of the Company was RMB127.2 million, representing a year-on-year decrease of 40.3% (first half of 2017: RMB212.9 million). Basic earnings per share were RMB8.57 fen. The Board does not recommend payment of an interim dividend for the six months ended 30 June 2018.

In the first half of 2018, confronting the convoluted and complex international economic environment due to the slowdown in global economic recovery progress and geopolitical instability, the Chinese economy fared steadily. In such a volatile market environment, Xingda remained adhered to its agile sales strategies, business principles of premium product quality and leading research and development technology, striving to maintain steady sales growth.

The Chinese economy maintained steady growth, of which investments in fixed assets, property development and rising spending in e-commerce have boosted the demand for transport and road logistics services. This spurred the replacement demand on truck radial tires and sales of radial tire cords for truck. However, during the period, the price of steel wire rod maintained in a relatively high level after the surge of its price in the second half in 2017. As a result, in the first six months ended 30 June 2018, the cost pressure was higher on a year on year basis.

According to statistics from the China Association of Automobile Manufacturers, the national sales volume of trucks in China increased by 11.5% year-on-year to approximately 2.07 million units in the first half of 2018. As the government continued to roll out policies governing overrunning and overloading of trucks, which contributed to the elimination of out-of-date trucks and the increase of total carrying capacity, heavy goods vehicles have entered the stage of upgrade and replacement, thus stimulating the demand of new truck radial tires as well as the radial tire cord for trucks under OEM market. According to the data of China Rubber Industry Association, the tire output reached approximately 341 million units and radial tires output amounted to approximately 320 million units in the first half of this year, registering a slower year-on-year growth. The radialization rate in China mildly rose approximately 0.3 percentage point to 93.7%.

On 23 March 2018, it was announced that, among other things, the Board recommended the payment of a final dividend of 15.0 HK cents per share (the “2017 Final Dividend”) of HK$0.1 each in the capital of the Company (the “Share(s)”) for the year ended 31 December 2017 payable to the shareholders of the Company whose names appeared on the register of members of the Company (“Register of Members”) as at the close of business on Friday, 8 June 2018 (“Record Date”). On 8 June 2018, the Group announced the scrip dividend scheme (“Scrip Dividend Scheme”), pursuant to which shareholders of the Company may opt to receive an allotment of new shares of HK$0.1 each in the share capital of the Company (“Scrip Shares”) in lieu of cash only for the 2017 Final Dividend. Under the Scrip Dividend Scheme, shareholders of the Company whose names appeared on the Register of Members on the Record Date may elect to receive: (a) a cash dividend of 15.0 HK cents for each Share held on the Record Date; or (b) a scrip dividend of new shares at an issue price, subject to any fractional entitlement being disregarded; or (c) a combination of partly in (a) and partly in (b) above.The issue price of the Scrip Shares is HK$2.37 per Share. With the Scrip Dividend Scheme in place, the Company’s controlling shareholders had opted to receive the 2017 Final Dividend partly in Scrip Shares and partly in cash, and ultimately had been allotted 8,000,000 Scrip Shares, reflecting their confidence in Xingda’s business prospects.

BUSINESS REVIEW

In the first half of 2018, Xingda has continued to develop the market of radial tire cord and optimize its market layout, providing support to its business performance. The Group has recorded a total sales volume of 392,700 tonnes in the first half of 2018, up 11.0% year-on-year. Sales volume of radial tire cord climbed year-on-year by 3.3% to 325,900 tonnes, making up 83.0% of the Group's total sales volume (first half of 2017: 89.2%). The sales volume of bead wire and other wire has increased by 74.4% to 66,800 tonnes, accounting for 17.0% of the Group's total sales volume (first half of 2017: 10.8%).

By product category, benefitting from a stable demand for replacement trucks tires and growth of trucks sales, the sales volume of radial tire cord for trucks rose 9.4% to 215,800 tonnes from the corresponding period last year. On the other hand, the Government in China has cancelled the tax reduction policy concerning the purchase tax on small vehicles this year, thereby dragging down the sales growth of passenger cars. Consequently the sales volume of radial tire cords for passenger cars dropped by 6.8% to 110,100 tonnes. The sales volume of the two segments accounted for 66.2% and 33.8% respectively of the Group's total sales of radial tire cords (first half of 2017: 62.6% and 37.4%).

Sales Volume

	Six months ended 30 June		
	2018	2017	Change
	Tonnes	*Tonnes*	
Radial tire cords	**325,900**	315,400	+3.3%
- For trucks	***215,800***	*197,300*	*+9.4%*
- For passenger cars	***110,100***	*118,100*	*-6.8%*
Bead wires and other wires	**66,800**	38,300	+74.4%
Total	**392,700**	353,700	+11.0%

By market category, the Group's sales volume of radial tire cord in China rose by 1.7% to 248,000 tonnes (first half of 2017: 243,900 tonnes) in the first half of this year, mainly benefitting from the persistent growth in demand for radial tire cord for trucks in mainland China. Meanwhile, Xingda's efforts to open up overseas markets have yielded encouraging results, showing solid performance particularly in Europe and Asia (excluding China) markets. Its overseas sales volume of radial tire cord has maintained growth momentum and rose year-on-year by 8.9% to 77,900 tonnes (first half of 2017: 71,500 tonnes). The proportion of the sales volume of domestic and overseas markets constituted 76.1% and 23.9% respectively of the Group's total sales volume (first half of 2017: 77.3% and 22.7%).

As of 30 June 2018, the Group's annual production capacity of radial tire cords maintained at 725,000 tonnes, with those of the Jiangsu factory and the Shandong factory reaching 625,000 tonnes and 100,000 tonnes respectively. Given the strong demand of Southeast Asian and Indian markets for its products, the Group has strategically decided to build a new factory in Thailand, which is expected to start production in the first half of 2019. Production capacity of radial tire cords of such new factory in the first phase will be 50,000 tonnes. Annual production capacity of bead wire and other wire was increased to 150,000 tonnes. Capitalizing on stronger market demand, the Group's overall capacity utilization rate continued to improve, achieving a high level of 90.7% (first half of 2017: 89.0%).

	30 June 2018 Production Capacity (Tonnes)	**Six months ended 30 June 2018 Utilization Rate**	30 June 2017 Production Capacity (Tonnes)	Six months ended 30 June 2017 Utilization Rate
Radial tire cords	**725,000**	**91%**	720,000	91%
Bead wires and other wires	**150,000**	**91%**	105,000	73%
Overall	**875,000**	**91%**	825,000	89%

The Group is dedicated to the research, development and production of products that meet the market demand, as well as to providing a rich product mix that can satisfy customer needs. As of 30 June 2018, the Group possessed a wider range of products including 312 types of radial tire cord, 108 types of bead wire and other wire.

FINANCIAL REVIEW

Revenue

The Group's revenue breakdown by product categories is as follows:

	Six months ended 30 June				
RMB in million	**2018**	**Proportion (%)**	2017	Proportion (%)	Change (%)
Radial tire cords	**3,236.9**	**88**	2,993.8	93	+8.1
- *For trucks*	***2,198.8***	***60***	*1,921.4*	*60*	*+14.4*
- *For passenger cars*	***1,038.1***	***28***	*1,072.4*	*33*	*-3.2*
Bead wires and other wires	**440.8**	**12**	221.9	7	+98.6
Total	**3,677.7**	**100**	3,215.7	100	+14.4

During the review period, the Group's revenue increased year-on-year by 14.4% to RMB3,677.7 million (first half of 2017: RMB3,215.7 million), mainly due to the sales volume growth of radial tire cord for trucks and steadily rising product prices.

Gross profit and gross profit margin

The Group's gross profit decreased by 13.9% year-on-year to RMB617.6 million (first half of 2017: RMB717.5 million), with the gross profit margin at 16.8% (first half of 2017: 22.3%). Gross profit margin slid by 5.5 percent point year-on-year mainly due to significant increase in wire rod and production costs per tonne in the first half of 2018 when compared to the corresponding period of last year.

Other income

Other income increased by 62.3% to RMB80.6 million (first half of 2017: RMB49.7 million), mainly due to the waiver of trade payables recorded in the first half of 2018 and increase in sales income of scrap materials.

Other gains and losses, net

Other gains and losses, net increased by 540.8% to RMB21.9 million (first half of 2017: RMB3.4 million), mainly attributable to an increase in the net foreign exchange loss and the impairment loss recognised on trade, bill and other receivables.

Government grants

During the review period, government grants decreased by 78.1% to RMB5.8 million (first half of 2017: RMB26.4 million), due to the decrease in recurring subsidies from the local government.

Distribution and selling expenses

Distribution and selling expenses increased by 1.6% to RMB234.8 million (first half of 2017: RMB231.0 million). The increase was mainly attributable to rising transportation and storage costs under higher sales volume.

Administrative expenses and other expenses

Administrative expenses increased by 12.3% to RMB170.3 million (first half of 2017: RMB151.6 million), mainly attributable to an increase in regulatory costs on environmental protection, depreciation charges on office premises and salaries and pension provision.

Other expenses, which represent the research and development expenditure, maintained at RMB30.6 million (first half of 2017: RMB30.6 million).

Finance costs

Finance costs rose by 49.7% to RMB26.9 million (first half of 2017: RMB17.9 million). The increase was mainly due to the rise of average balance of bank borrowings.

Income tax

The Group's income tax expense decreased by 38.1% to RMB43.4 million (first half of 2017: RMB70.1 million) and the effective tax rate is 19.8% (first half of 2017: 19.5%). The decrease in income tax expenses was mainly caused by the decline in operating profits.

Net profit

Taking the above factors into account, the Group's net profit for the six months ended 30 June 2018 decreased by 39.0% to RMB176.1 million (first half of 2017: RMB288.9 million). If the deferred tax charges related to provision of withholding tax and net exchange loss (gain) arising from non-operating activities were excluded, the adjusted net profit of the Group for the six months ended 30 June 2018 would be RMB179.2 million, representing a decrease of RMB113.7 million or 38.8% when compared with the same period in the previous year.

Reconciliation of report profit and underlying profit

	Six months ended 30 June	
	2018	2017
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
Profit for the period	**176,119**	288,865
Deferred tax charges related to the provision of withholding tax	**2,588**	4,146
Net exchange loss (gain) arising from non-operating activities	**534**	(79)
Underlying profit for the period	**179,241**	292,932
Underlying profit for the period attributable to:		
Owners of the Company	**130,309**	216,954
Non-controlling interests	**48,932**	75,978
	179,241	292,932

LIQUIDITY, CAPITAL RESOURCES AND CAPITAL STRUCTURE

During the period, there was no significant change in the Group's funding and treasury policy. The principal source of liquidity and capital resources was cash flow generated from operating activities and financial activities whereas the principal uses of cash were for the expansion of production capacity.

Bank balances and cash including bank deposits of the Group increased by RMB53.1 million from RMB757.0 million as at 31 December 2017 to RMB810.1 million as at 30 June 2018. The increase was due to the cash generated from operating activities of RMB219.9 million and financing activities of RMB106.9 million exceeding the cash used in investment activities of RMB273.7 million.

Borrowings were increased by RMB157.8 million or 16.6% to RMB1,110.8 million as at 30 June 2018 from RMB953.0 million as at 31 December 2017. The borrowings carried interest at market rates from 1.85% to 5.00% (first half of 2017: 1.08% to 5.00%) per annum and are repayable within one year from 30 June 2018.

As at 30 June 2018, the Group's current assets decreased by 4.2% to RMB6,711.3 million (31 December 2017: RMB7,004.8 million). Current liabilities decreased by 5.6% to RMB4,644.5 million (31 December 2017: RMB4,917.5 million). The Group's current ratio (being defined as current assets over current liabilities) increased to 1.45 times (31 December 2017: 1.42 times). The increase was mainly caused by the decrease in trade, bill and other payables. The gearing ratio (being defined as total debts to total assets) as at 30 June 2018 was 9.2% (31 December 2017: 7.7%).

FOREIGN EXCHANGE RISK

The Group's sales and purchases were principally denominated in Renminbi, US dollars and Euros. Part of the sales proceeds in US dollars and Euros have been used to purchase imported raw materials in the same currencies.

Apart from certain bank and debtors' balances in US dollars, Euros, Hong Kong dollars and Thai baht, most of the assets and liabilities of the Group were denominated in Renminbi. Accordingly, the Group was not exposed to significant foreign exchange risk. Therefore, the Group did not enter any financial derivative instruments to hedge against foreign exchange currency risk during the period under review. However, the Group is closely monitoring the impact of change in value of the Renminbi on its operations and may consider appropriate hedging solutions, if required.

CAPITAL EXPENDITURE

For the six months ended 30 June 2018, capital expenditure for property, plant and equipment amounted to RMB215.9 million (first half of 2017: RMB271.7 million).

CAPITAL COMMITMENTS

As at 30 June 2018, the Group had made a capital commitment of approximately RMB427.5 million (31 December 2017: RMB230.0 million) for acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements. The Group did not make any capital commitment for acquisition of property, plant and equipment authorised but not contracted as at 30 June 2018 and 31 December 2017.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 30 June 2018 and 31 December 2017 respectively.

PLEDGE OF ASSETS

As at 30 June 2018, the Group pledged bank deposits of RMB89.0 million to a bank to secure bill payables of the Group (31 December 2017: RMB68.0 million).

SIGNIFICANT INVESTMENTS

The Group did not have any significant investments for the six months ended 30 June 2018 and 2017 respectively.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Company had no material acquisitions and disposals in relation to its subsidiaries, associates and joint ventures for the six months ended 30 June 2018 and 2017 respectively.

HUMAN RESOURCES

As at 30 June 2018, the Group had approximately 7,000 full time employees (31 December 2017: approximately 7,000). Total staff costs including directors' remuneration for the six months ended 30 June 2018 was approximately RMB323.9 million (first half of 2017: approximately RMB299.7 million). Salaries are generally reviewed with reference to employees' merit, qualifications and competence. The calculation of bonuses was based on an evaluation of individual efforts and contributions to the financial performance of the Group. The Group also continues to provide training programs for staff to enhance their technical and product knowledge as well as awareness of industry quality standards.

In addition to salaries and bonuses, the Group also provides various benefits to employees through the Labor Union of Jiangsu Xingda ("Xingda Labor Union"). Each year, Jiangsu Xingda contributes 2% of the total salary of staff ("Union Fee") to support operation of the Xingda Labor Union. The Union Fee, together with other funds obtained by the Xingda Labor Union are used to provide a variety of welfare benefits and services to employees of the Group, including provision of staff quarters which employees may choose to purchase. For the six months ended 30 June 2018, the amount of Union Fees contributed by Jiangsu Xingda to the Xingda Labour Union was RMB4.9 million (first half of 2017: RMB4.4 million).

According to the Social Insurance Regulations published by the State Council of China on 14 January 1999, the Group is required to make contributions to pension funds and insurance policies for its employees. Full-time employees of the Group in China are covered by the contributory pension scheme managed by the government entitling them to a monthly pension after they retire. The PRC government is responsible for crediting the pension to the retired and the Group is required to make annual contributions to the retirement scheme run by the Xinghua Municipality at a specified rate. The contribution is booked in due course as an operating expense of the Group. Under the scheme, no forfeited contributions are available to reduce the existing level of contributions. Apart from pension funds, the Group has provided medical, personal accident and unemployment insurance policies for its employees.

In 2009, the Board adopted a share award scheme to retain elite employees and encourage them to achieve performance goals by aligning their interests to the shareholders through share ownerships. Shares are to be purchased by the trustee in the market out of cash contributed by the Company and be held in trust for the selected employees until such shares are vested in them.

In 2010, 5,000,000 shares of the Company (the "First Batch Shares") were purchased by the trustee on the public market. In 2011, another 5,000,000 shares of the Company (the "Second Batch Shares") were purchased by the trustee on the public market. In 2013, 10,481,000 shares of the Company were purchased by the trustee on the public market, of which 5,000,000 shares were added to the Second Batch Shares and the remaining 5,481,000 shares were classified as the Third Batch Shares (the "Third Batch Shares"). In 2014, 4,519,000 shares of the Company were purchased by the trustee on the public market and were added to the Third Batch Shares. In 2016, 7,282,000 shares of the Company were purchased by the trustee on the public market (the "Fourth Batch Shares"). In 2017, 601,011 scrip shares allotted under the scrip dividend scheme of the Company as dividend derived from the shares held under the trust in relation to the share award scheme were added to the Fourth Batch Shares. As at 30 June 2018, the balance of the Fourth Batch Shares was 7,883,011 shares.

As at 30 June 2018, all the First Batch Shares, the Second Batch Shares and the Third Batch Shares have been vested with selected employees. The Fourth Batch Shares are expected to be vested with selected employees in a three year period from 2019 to 2021.

PROSPECTS

The continuous implementation of supply-side structural reform in China has improved the structure of the domestic economy. Stepping into the third year of the “13th Five-year Plan”, China will further expand the deployment of modern industry, pursue high quality development, realize the strategic “One Belt One Road” initiative and spur the growth of neighboring regional economies.

The stable performance of the macro economy and the introduction of favorable policies by the government will support the development of the radial tire cord industry in China. As the government of China has implemented policies governing the overrunning of trucks, it speeded up the replacement cycle of trucks, driving steady demand growths in the radial tires as well the radial tire cords. In recent years, as market competition has alleviated, the radial tire cord industry will continue its positive growth momentum in the long term.

Looking ahead, facing a complicated and ever-changing global economy and political environment, Xingda’s management will keep an eye on the macroeconomic environment and market changes, adjust its development strategies in due course while formulating a comprehensive contingency plan. At the same time, Xingda will make use of its unique competitive advantages to enhance its core competitiveness and reinforce its presence as the leading radial tire cords manufacturer in China. At the same time, the Group will also strive to capture opportunities to create satisfactory and long-term returns for its shareholders.

INTERIM DIVIDEND

The Board of the Company does not recommend the payment of interim dividend for the six months ended 30 June 2018.

CORPORATE GOVERNANCE PRACTICES

To promote high level of transparency, accountability and independence in the interests of the shareholders, the Company is committed to maintaining high standards of corporate governance.

The Company has applied the principles in and complied with the code provisions of the Corporate Governance Code contained in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2018, except for the following:-

Code provision A.2.1 provides, among other things, that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The chairman of the Board, Mr. Liu Jinlan, provides overall leadership for the Board and takes the lead to ensure that the Board acts in the best interest of the Company. The Company does not have the position of chief executive officer and the daily operation of the Group is assigned among the executive Directors. In addition to the fact that the responsibilities of the chairman are shared by the remaining executive Directors, the Executive Committee of the Company which has been established for determining, approving and overseeing the day-to-day control over the allocation of the Group's resources also segregates the duties of Mr. Liu Jinlan.

Code provision A.6.7 provides, among other things, that independent non-executive directors and other non-executive directors should attend general meetings. Mr. Koo Fook Sun, Louis, Mr. William John Sharp and Ms. Xu Chunhua, the independent non-executive Directors, were unable to attend the annual general meeting of the Company held on 23 May 2018 as they had to attend other meetings or were engaged in other businesses and commitments. However, Mr. Koo, Mr. Sharp and Ms. Xu subsequently requested the company secretary of the Company to report to each of them on the views of the shareholders of the Company in the annual general meeting. As such, the Board considers that the development of a balanced understanding of the views of shareholders among the independent non-executive Directors was ensured.

In compliance with the code provisions of the Corporate Governance Code, the Company has set up the Audit Committee, the Remuneration and Management Development Committee and the Nomination Committee, and the Board has been responsible for performing the corporate governance duties as set out in the code provisions.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules as the code of conduct regarding Directors' securities transactions. After having made specific enquiry with all Directors, the Company has received confirmations from all Directors that they have complied with the required standards set out in the Model Code during the six months ended 30 June 2018.

The Company has also adopted procedures on terms no less exacting than the Model Code in respect of the securities transactions of the employees who are likely to be in possession of unpublished price-sensitive information.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

For the six months ended 30 June 2018, the Company repurchased 1,844,000 shares through the Stock Exchange at a total consideration, after expenses, of approximately RMB4.7 million. Such shares have been cancelled up to the date of this announcement. Details of repurchase are as follows:

Month of repurchase	Number of ordinary shares repurchased	Price per share Highest HK$	Price per share Lowest HK$	Aggregate consideration paid HK$ Million	Aggregate consideration paid Equivalent to RMB Million
January 2018	1,844,000	3.05	2.82	5.3	4.7

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2018.

REVIEW OF INTERIM FINANCIAL STATEMENTS

The Audit Committee of the Company together with the external auditor and the management of the Company have reviewed the accounting principles and practices adopted by the Group and discussed the financial reporting matters including the review of the unaudited interim results of the Group for the six months ended 30 June 2018.

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

Shanghai, the PRC, 29 August 2018

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.