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: 01899)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2019

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2019 (unaudited)	2018 (unaudited)	
	RMB in Million	*RMB in Million*	**CHANGE**
Revenue	**3,769.2**	3,677.7	+2.5%
Gross profit	**724.3**	617.6	+17.3%
Gross profit margin	**19.2%**	16.8%	+2.4pp
EBITDA *(Note)*	**562.1**	512.5	+9.7%
Profit attributable to owners of the Company	**159.4**	127.2	+25.3%
Earnings per share – basic (RMB fen)	**10.68**	8.57	+24.6%
Earnings per share – diluted (RMB fen)	**10.67**	8.57	+24.5%

	As at		
	30.6.2019 (unaudited)	31.12.2018 (audited)	
Gearing ratio	**17.0%**	10.1%	+6.9pp

Note:

It is arrived at profit before finance costs, income tax expense, depreciation and amortisation.

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 2019 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 2019

		Six months ended 30 June	
	NOTES	**2019**	2018
		(unaudited)	(unaudited)
		RMB'000	*RMB'000*
Revenue	3	**3,769,152**	3,677,652
Cost of sales		**(3,044,896)**	(3,060,101)
Gross profit		**724,256**	617,551
Other income		**51,310**	80,588
Other gains and losses, net	4	**5,637**	(21,922)
Government grants		**7,967**	5,798
Distribution and selling expenses		**(266,797)**	(234,838)
Administrative expenses		**(179,433)**	(170,266)
Research and development expenses		**(44,677)**	(30,570)
Finance costs		**(16,862)**	(26,864)
Profit before tax		**281,401**	219,477
Income tax expense	5	**(45,860)**	(43,358)
Profit and total comprehensive income for the period	6	**235,541**	176,119
Profit and total comprehensive income for the period attributable to:			
Owners of the Company		**159,405**	127,187
Non-controlling interests		**76,136**	48,932
		235,541	176,119
Earnings per share	8		
-basic (RMB fen)		**10.68**	8.57
-diluted (RMB fen)		**10.67**	8.57

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2019

	NOTES	**As at 30 June 2019 (unaudited)** *RMB'000*	As at 31 December 2018 (audited) *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**4,316,900**	3,843,962
Right-of-use assets		**356,620**	—
Prepaid lease payments		—	344,708
Investment properties		**153,960**	153,960
Fixed bank deposits with more than three months to maturity when placed		**1,300,000**	900,000
Deferred tax assets		**20,566**	17,321
Prepayments		**28,463**	29,963
		6,176,509	5,289,914
CURRENT ASSETS			
Inventories		**621,066**	679,911
Trade, bill and other receivables	9	**4,765,132**	5,494,726
Financial assets at fair value through profit or loss		**76,060**	60,249
Prepaid lease payments		—	7,315
Fixed bank deposits with more than three months to maturity when placed		**412,000**	100,000
Pledged bank deposits		—	52,000
Bank balances and cash		**1,580,288**	1,104,447
		7,454,546	7,498,648
CURRENT LIABILITIES			
Trade, bill and other payables	10	**3,452,492**	3,829,080
Contract liabilities		**37,524**	31,845
Amount due to a related company		**2,711**	1,620
Dividend payable to non-controlling interests of a subsidiary		**26,776**	27,195
Dividend payables		**197,077**	—
Tax liabilities		**37,770**	43,597
Borrowings - due within one year		**2,024,038**	1,144,443
Lease liabilities		**525**	—
		5,778,913	5,077,780
NET CURRENT ASSETS		**1,675,633**	2,420,868
TOTAL ASSETS LESS CURRENT LIABILITIES		**7,852,142**	7,710,782

	NOTE	As at 30 June 2019 (unaudited) RMB'000	As at 31 December 2018 (audited) RMB'000
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**12,254**	12,327
Borrowings - due after one year		**300,000**	150,000
Lease liabilities		**1,344**	—
		313,598	162,327
NET ASSETS		**7,538,544**	7,548,455
CAPITAL AND RESERVES			
Share capital	11	**148,388**	148,388
Share premium and other reserves		**5,267,048**	5,302,835
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**5,415,436**	5,451,223
NON-CONTROLLING INTERESTS		**2,123,108**	2,097,232
TOTAL EQUITY		**7,538,544**	7,548,455

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Six months ended 30 June	
	2019	2018
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
OPERATING ACTIVITIES		
Profit before tax	**281,401**	219,477
Depreciation of property, plant and equipment	**259,958**	262,556
Amortisation of prepaid lease payments	—	3,565
Depreciation of right-of-use assets	**3,881**	—
Recognition of equity-settled share-based payments	**1,885**	2,635
Decrease in inventories	**58,845**	15,993
Decrease in trade, bill and other receivables	**699,585**	351,556
Change in fair value of financial assets at fair value through profit or loss	**(15,811)**	—
Decrease in trade, bill and other payables	**(586,792)**	(621,041)
Increase in contract liabilities	**5,679**	6,002
Income taxes paid	**(55,005)**	(35,686)
Other operating cash flows	**9,919**	14,847
NET CASH FROM OPERATING ACTIVITIES	**663,545**	219,904
INVESTING ACTIVITIES		
Placement of fixed bank deposits	**(1,212,000)**	—
Purchases of property, plant and equipment	**(514,002)**	(234,261)
Payments for right-of-use assets	**(21,239)**	(21,936)
Withdrawal of fixed bank deposits	**500,000**	—
Interest received	**56,196**	1,675
Withdrawal of pledged bank deposits	**52,000**	54,000
Proceeds on disposal of property, plant and equipment	**1,052**	1,826
Placement of pledged bank deposits	—	(75,000)
NET CASH USED IN INVESTING ACTIVITIES	**(1,137,993)**	(273,696)
FINANCING ACTIVITIES		
New bank and other borrowings raised	**1,530,010**	452,000
Repayment of bank and other borrowings	**(500,620)**	(294,202)
Dividend paid to non-controlling interests of a subsidiary	**(50,679)**	(20,258)
Interest paid	**(28,519)**	(25,994)
Repayment of lease liabilities	**(108)**	—
Payment on repurchase of ordinary shares	—	(4,680)
NET CASH FROM FINANCING ACTIVITIES	**950,084**	106,866

NET INCREASE IN CASH AND CASH EQUIVALENTS	**475,636**	53,074
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**1,104,447**	756,985
Effect of foreign exchange rate changes	**205**	—
CASH AND CASH EQUIVALENTS AT 30 JUNE, represented by bank balances and cash	**1,580,288**	810,059

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 and financial instruments, which are measured at fair values, as appropriate.

Other than changes in accounting policies resulting from application of new International Financial Reporting Standards ("IFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2019 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2018.

Application of new and amendments to IFRS Standards

In the current interim period, the Group has applied, for the first time, the following new and amendments to IFRSs which are mandatory effective for the annual period beginning on or after 1 January 2019 for the preparation of the Group's condensed consolidated financial statements:

IFRS 16	Leases
IFRIC 23	Uncertainty over Income Tax Treatments
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to IFRSs	Annual Improvements to IFRSs 2015 – 2017 Cycle

Except as described below, the application of the new and amendments to IFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/of the disclosures set out in these condensed consolidated financial statements.

1.1 Impacts and changes in accounting policies of application on IFRS 16 *Leases*

The Group has applied IFRS 16 for the first time in the current interim period. IFRS 16 superseded IAS 17 *Leases* ("IAS 17"), and the related interpretations.

2.1.1 Key changes in accounting policies resulting from application of IFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of IFRS 16.

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception or modification date, Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

As a lessee

Allocation of consideration to components of a contract

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the financial statements would not differ materially from individual leases within the portfolio.

Short-term leases

The Group applies the short-term lease recognition exemption to leases of office premises that have a lease term of 12 months or less from the commencement date and do not contain a purchase option, including the leasing of office cabinet and car for Xingda Steel Cord (Thailand) Company Limited, a non-wholly owned subsidiary of the Company, which applies the recognition exemption for lease of short-term leases. Lease payments on short-term leases are recognised as expenses on a straight-line basis over the lease term.

Right-of-use assets

Except for short-term leases, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date of underlying asset is available for use). Except for those that are classified as investment properties and measured under fair value model, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any measurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentive received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets that do not meet the definition of investment property as a separate line item on the condensed consolidated statement of financial position. The right-of-use assets that meet the definition of investment property are presented within "investment properties".

Leasehold land and building

For payments of a property interest which includes both leasehold land and building elements, the entire property is presented as property, plant and equipment of the Group when the payments cannot be allocated reliably between the leasehold land and building elements.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 *Financial Instruments* ("IFRS 9") and initially measured at fair value. No adjustments to fair value at initial recognition are recorded as the amounts are insignificant.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable. After the commencement date, lease liabilities are adjusted by interest accretion and lease payment.

Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities. The group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 *Income Taxes* requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

Lease modification

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount at the effective date of the modification.

As a lessor

Allocation of consideration to components of a contract

Effective on 1 January 2019, the Group applies IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15") to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

2.1.2 Transition and summary of effects arising from initial application of IFRS 16

Refundable rental deposits

Refundable rental deposits received are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Definition of a lease

The Group has elected the practical expedient to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in IFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied IFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under IFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under IAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;

ii. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment; and

iii. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

On transition, the Group has made the following adjustments upon application of IFRS 16:

At 1 January 2019, the Group recognised additional lease liabilities and right-of-use assets at amount equal to the related lease liabilities by applying IFRS 16.C8(b)(ii) transition.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average lessee's incremental borrowing rate applied is 4.35%.

	At 1 January 2019 *RMB'000*
Operating lease commitments disclosed as at 31 December 2018	267
Lease liabilities discounted at relevant incremental borrowing rates	259
Add: Lease liabilities resulting from lease modifications of existing leases #	1,980
Less: Recognition exemption - short-term leases	(300)
Lease liabilities relating to operating leases recognised upon Application of IFRS 16	1,939
Analysed as	
Current	414
Non-current	1,525
	1,939

The Group renewed the lease of an office premise by entering into a new lease contract which commence after date of initial application, this new contract is accounted as lease modification of the existing contract upon application of IFRS 16.

The carrying amount of right-of-use assets as at 1 January 2019 comprises the following:

	Right-of-use assets
	RMB'000
Right-of-use assets relating to operating leases recognised upon application of IFRS 16	1,939
Reclassified from prepaid lease payments (note)	352,023
	353,962
By class:	
Leasehold lands	352,023
Buildings	1,939
	353,962

Note:

Upfront payments for leasehold lands in the PRC and Thailand were reclassified as prepaid lease payments as at 31 December 2018. Upon application of IFRS 16, the current and non-current portion of prepaid lease payments amounting to RMB7,315,000 and RMB344,708,000 respectively were reclassified to right-of-use assets.

As a lessor

In accordance with the transitional provisions in IFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with IFRS 16 from the date of initial application and comparative information has not been restated.

(a) Upon application of IFRS 16, new lease contracts entered into but commence after the date of initial application relating to the same underlying assets under existing lease contracts are accounted as if the existing leases are modified as at 1 January 2019. The application has had no impact on the Group's condensed consolidated statement of financial position at 1 January 2019. However, effective from 1 January 2019, lease payments relating to the revised lease term after modification are recognised as income on straight-line basis over the extended lease term.

(b) Before application of IFRS 16, refundable rental deposits received were considered as rights and obligations under leases to which IAS 17 applied. Based on the definition of lease payments under IFRS 16, such deposits are not payments relating to the right-of-use assets and were adjusted to reflect the discounting effect at transition. No adjustment is recorded to refundable rental deposits received as the impact is insignificant.

(c) Effective on 1 January 2019, the Group has applied IFRS 15 to allocate consideration in the contract to each lease and non-lease components. The change in allocation basis has had no material impact on the condensed consolidated financial statements of the Group for the current period.

There is no impact of transition to IFRS 16 on retained profits at 1 January 2019.

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Note	Carrying amounts previously reported at 31 December 2018	Adjustments	Carrying amounts under IFRS 16 at 1 January 2019
		RMB'000	*RMB'000*	*RMB'000*
Non-current assets				
Prepaid lease payments	(a)	344,708	(344,708)	—
Right-of-use assets	(a)	—	346,201	346,201
Current assets				
Prepaid lease payments	(a)	7,315	(7,315)	—
Right-of-use assets	(a)	—	7,761	7,761
Current liabilities				
Lease liabilities		—	414	414
Non-current liabilities				
Lease liabilities		—	1,525	1,525

Note: For the purpose of reporting cash flows from operating activities under indirect method for the six months ended 30 June 2019, movements in working capital have been computed based on opening statement of financial position as at 1 January 2019 as disclosed above.

There is no impact on lessor's accounting under IFRS 16 for the condensed consolidated financial statements of the Group for the current period.

3. REVENUE AND SEGMENT INFORMATION

Revenue

(a) Disaggregation of revenue

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

	Six months ended	
	30 June 2019	30 June 2018
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Sale of products		
Radial tire cords		
- For trucks	**2,176,090**	2,198,808
- For passenger cars	**1,164,123**	1,038,029
Bead wires and other wires	**428,939**	440,815
	3,769,152	3,677,652
Timing of revenue recognition		
A point in time	**3,769,152**	3,677,652

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

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

Segment information

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 and fixed bank deposits) by geographical locations of the assets are details below:

	30.6.2019 (unaudited) *RMB'000*	31.12 2018 (audited) *RMB'000*
The PRC	**4,142,461**	4,173,698
Thailand	**713,482**	198,895
	4,855,943	4,372,593

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	
	2019 (unaudited) ***RMB'000***	2018 (unaudited) *RMB'000*
The PRC (country of domicile)	**2,733,714**	2,790,942
India	**190,098**	196,277
United States of America	**137,357**	137,506
Korea	**95,974**	67,107
Germany	**46,471**	33,211
Others	**565,538**	452,609
	3,769,152	3,677,652

"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 2019 and 2018.

4. OTHER GAINS AND LOSSES, NET

	Six months ended 30 June	
	2019 (unaudited) ***RMB'000***	2018 (unaudited) *RMB'000*
Impairment loss recognised on trade and other receivables	**15,523**	6,639
Change in fair value of financial assets at fair value through profit or loss	**(15,811)**	—
Net foreign exchange (gain) and loss	**(5,897)**	15,596
Loss on disposal of property, plant and equipment	**1,953**	846
Impairment loss reversed on trade and other receivables	**(1,405)**	(1,159)
	(5,637)	21,922

5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2019	2018
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
Current tax		
Current period	**42,543**	39,705
Underprovision in prior year	—	1,283
Deferred tax	**3,317**	2,370
	45,860	43,358

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 renewed High-tech Enterprise Certificate issued on 24 October 2018, Jiangsu Xingda Steel Tyre Cord Co. Ltd. ("Jiangsu Xingda") is continued to entitle the tax incentive as High-tech Enterprise and accordingly, the status of High-tech Enterprise is to be effective for the years 2018, 2019 and 2020. 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 2019 and the year ended 31 December 2018.

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 RMB3,317,000 (2018: RMB2,370,000) was provided in the condensed consolidated financial statements in respect of temporary differences attributable to accumulated profits of Jiangsu Xingda Special Cord Co., Ltd. ("Jiangsu Xingda Special Cord"), a non-wholly owned subsidiary of the Company, the aggregate amount of taxable temporary differences associated with undistributed earnings of other subsidiaries for which deferred tax liabilities have not been recognised was RMB3,219,475,000 (31 December 2018: RMB3,220,362,000). 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	
	2019	2018
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
Depreciation of property, plant and equipment	**259,958**	262,556
Amortisation of prepaid lease payments	—	3,565
Depreciation of right-of-use assets	**3,881**	—

7. DIVIDENDS

	Six months ended 30 June	
	2019	2018
	(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 2018 - 15.0 HK cents per share (2018: final dividend in respect of the year ended 31 December 2017 - 15.0 HK cents per share)	**197,077**	186,143

During the current interim period, a final dividend of 15.0 HK cents per ordinary share in an aggregate amount of RMB197,077,000 for the year ended 31 December 2018 was approved at the annual general meeting of the Company held on 28 May 2019.

The directors of the Company have determined that no dividend will be paid in respect of the 2019 interim period (2018: nil).

8. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2019	2018
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
Earnings		
Profit for the period attributable to owners of the Company	**159,405**	127,187
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,492,531**	1,484,617
Effect of dilutive potential ordinary shares in respect of outstanding share awards	**1,346**	—
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,493,877**	1,484,617

The weighted average number of ordinary shares shown above has been arrived at after deducting shares held by share award scheme trust.

9. TRADE, BILL AND OTHER RECEIVABLES

The Group has a policy of allowing an average credit period of 120 days to its trade customers. The following is an aged analysis of trade receivables net of allowance for credit losses presented based on the invoice date at the end of the reporting period which approximated the respective revenue recognition dates.

The Group accepts bills from various local customers as settlement when the trade receivables fall due. Before accepting the bills, the Group would confirm with the relevant banks on the validity of the bills. It is the Group's practice to utilise bills received to settle certain of its debts. The aged analysis of bill receivables is presented based on the invoice date of trade receivables as at the end of the reporting period which approximated the respective revenue recognition dates.

	As at 30 June 2019 (unaudited) *RMB'000*	As at 31 December 2018 (audited) *RMB'000*
Trade receivables - goods	**2,518,359**	2,795,407
Less: Allowance for credit losses	**(111,518)**	(110,046)
	2,406,841	2,685,361
Bill receivables	**2,212,705**	2,627,955
	4,619,546	5,313,316
Advance to raw material suppliers	**23,516**	25,697
Prepayment for spools	**16,209**	31,189
Interest receivables from fixed bank deposits with more than three months to maturity when placed	**51,411**	82,002
Other receivables and prepayments	**59,711**	48,163
Less: Allowance for credit losses on other receivables	**(5,261)**	(5,641)
	145,586	181,410
	4,765,132	5,494,726

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

	As at 30 June 2019 (unaudited) *RMB'000*	As at 31 December 2018 (audited) *RMB'000*
Trade receivables		
0 - 90 days	**1,857,904**	1,899,567
91 - 120 days	**235,557**	278,767
121 - 180 days	**201,865**	329,103
181 - 360 days	**111,482**	177,924
Over 360 days	**33**	—
	2,406,841	2,685,361
Bill receivables		
0 - 90 days	**258,778**	301,037
91 - 180 days	**940,735**	860,253
181 - 360 days	**921,056**	1,297,774
Over 360 days	**92,136**	168,891
	2,212,705	2,627,955

10. TRADE, BILL AND OTHER PAYABLES

	As at 30 June 2019 (unaudited) *RMB'000*	As at 31 December 2018 (audited) *RMB'000*
Trade payables	**1,829,332**	2,372,995
Bill payables	**746,000**	690,000
	2,575,332	3,062,995
Value-added tax payables and other tax payables	—	56,356
Accrued staff costs and pension	**179,926**	223,943
Payables for purchase of property, plant and equipment	**602,159**	391,279
Accrued interest expense	**2,470**	3,146
Accrued electricity charges	**49,718**	51,962
Others	**42,887**	39,399
	877,160	766,085
	3,452,492	3,829,080

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 2019 (unaudited) *RMB'000*	As at 31 December 2018 (audited) *RMB'000*
Trade payables		
0 - 90 days	**1,080,972**	1,391,144
91 - 180 days	**334,668**	577,156
181 - 360 days	**303,771**	308,100
Over 360 days	**109,921**	96,595
	1,829,332	2,372,995
Bill payables		
0 - 90 days	**102,524**	—
91 - 180 days	**643,476**	630,296
181 - 360 days	—	59,704
	746,000	690,000

All Group's trade payables are denominated in the functional currency of the group entities.

The average credit period on purchase of goods is 90 days which may be extended to 120 days or 180 days based on negotiation between the suppliers and the Group. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

11. SHARE CAPITAL

	Number of shares		Share capital	
	30 June 2019	31 December 2018	**30 June 2019**	31 December 2018
	'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	**1,492,531**	1,486,396	**148,388**	147,923
Issue of scrip shares	—	19,829	—	1,657
Shares repurchased and cancelled	—	(13,694)	—	(1,192)
At end of period	**1,492,531**	1,492,531	**148,388**	148,388

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 2019.

For the six months ended 30 June 2019, the Group recorded revenue amounted to RMB3,769.2 million, representing a 2.5% growth relative to the corresponding period last year (first half of 2018: RMB3,677.7 million), attributable mainly to the growth of export sales of radial tire cords and consistent demand for radial tire cords in the domestic market. The Group's gross profit rose by 17.3% year-on-year to RMB724.3 million (first half of 2018: RMB617.6 million), while gross profit margin also increased, by 2.4 percentage points, to 19.2% as compared with the last corresponding period (first half of 2018: 16.8%), thanks mainly to the drop of average price of steel wire rods on a year-on-year basis and the management implementing strict cost control measures as well as increase in revenue during the period. Profit attributable to owners of the Company increased by 25.3% year-on-year to RMB159.4 million (first half of 2018: RMB127.2 million). Basic earnings per share were RMB10.68 fen. The Board does not recommend payment of an interim dividend for the six months ended 30 June 2019.

According to data from China Rubber Industry Association, the 39 key member units of its tire division recorded total domestic radial tire output of approximately 185 million in the first half of 2019, a year-on-year increase of 1.1%, radialization rate rose mildly to 94.5%. Also, statistics of China's Ministry of Public Security and China Association of Automobile Manufacturers showed, in the first half of 2019, car parc in China surged to historical high at 250 million and total land freight traffic volume also increased slightly as compared with the same period last year. The steady growth of logistics activities guaranteed stable demands on the replacement of radial tires as well as the radial tire cords in the first half of 2019.

On 28 March 2019, it was announced that, among other things, the Board recommended the payment of a final dividend of 15.0 HK cents per share (the “2018 Final Dividend”) of HK$0.1 each in the capital of the Company (the “Share(s)”) for the year ended 31 December 2018 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 Thursday, 6 June 2019 (“Record Date”). On the Record Date, the Group announced the details in relation to 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 2018 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 Scrip 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$1.87 per Share. With the Scrip Dividend Scheme in place, the Company’s controlling shareholders had opted to receive the 2018 Final Dividend partly in Scrip Shares and partly in cash, and had been allotted, in aggregate, 23,812,299 Scrip Shares, mirroring again its confidence in the Company’s long-term development.

BUSINESS REVIEW

In the first half of 2019, Xingda adhered to its sound and pragmatic operational approach and actively consolidated its leadership in the radial tire cord industry. It also gradually implemented flexible sales strategy, optimized products and expanded its markets. In the first half of 2019, the Group recorded total sales volume of 404,600 tonnes, up 3.0% year-on-year. Sales volume of radial tire cord climbed moderately by 3.8% year-on-year to 338,200 tonnes, making up 83.6% of the Group’s total sales volume (first half of 2018: 83.0%). The sales volume of bead wire and other wire decreased by 0.6% to 66,400 tonnes, accounting for 16.4% of the Group’s total sales volume (first half of 2018: 17.0%).

During the period, the sales volume of radial tire cord for trucks slightly rose by 0.4% to 216,600 tonnes, against the corresponding period last year, owed mainly to the stable demand for replacement of truck tires. As for the sales volume of radial tire cord for passenger cars, it increased by 10.4% to 121,600 tonnes, mainly due to the obvious boost in sales orders of radial tire cord for passenger cars from overseas market. The sales volume of the two segments accounted for 64.0% and 36.0% respectively of the Group's total sales of radial tire cords during the six months ended 30 June 2019 (first half of 2018: 66.2% and 33.8%).

Sales Volume

	Six months ended 30 June		
	2019	2018	Change
	Tonnes	*Tonnes*	
Radial tire cords	**338,200**	325,900	+3.8%
- For trucks	***216,600***	*215,800*	*+0.4%*
- For passenger cars	***121,600***	*110,100*	*+10.4%*
Bead wires and other wires	**66,400**	66,800	-0.6%
Total	**404,600**	392,700	+3.0%

By market, the sales volume of radial tire cord in China slightly rose by 0.4% to 249,100 tonnes (first half of 2018: 248,000 tonnes) in the first half of 2019. In the face of US trade protectionism and guided by the "One Belt One Road" national initiative, Chinese tire enterprises have gradually been establishing production plants in overseas and particularly Southeast Asia in the recent years. Xingda has heeded this trend and also has continued to press ahead with its international sales strategies to broaden its business footprint and international customer base. As a consequence, overseas orders from countries like Thailand, Korea, Japan, Brazil, Germany and Slovakia have steadily increased. Sales of radial tire cords in overseas markets increased during the period by 14.4% year-on-year to 89,100 tonnes (first half of 2018: 77,900 tonnes). The sales volume in domestic and overseas markets constituted 73.6% and 26.4% respectively of the Group's total sales volume (first half of 2018: 76.1% and 23.9%).

As at 30 June 2019, the Group's annual production capacity of radial tire cords rose up to 728,000 tonnes, with the Jiangsu factory and Shandong factory accounting for up to 625,000 tonnes and 103,000 tonnes respectively. Given the strong demand of Southeast Asia markets for its products, the Group speeded up construction of the new factory in Thailand, with phase one expected to start operation in the second half of 2019 affording output of up to 50,000 tonnes. For bead wires and other wires, annual production capacity increased to 165,000 tonnes. The Group's overall capacity utilization rate maintained at a high level at 90.2% (first half of 2018: 90.7%).

	30 June 2019 Production Capacity (Tonnes)	**Six months ended 30 June 2019 Utilization Rate**	30 June 2018 Production Capacity (Tonnes)	Six months ended 30 June 2018 Utilization Rate
Radial tire cords	**728,000**	**92%**	725,000	91%
Bead wires and other wires	**165,000**	**81%**	150,000	91%
Overall	**893,000**	**90%**	875,000	91%

The Group is dedicated to research and development of products, as well as providing tailor-made radial tire cords to different customer groups. Currently, the Group has a wide range of product lines including 346 types of radial tire cords, 133 types of bead wires and other wires.

FINANCIAL REVIEW

Revenue

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

	Six months ended 30 June				
RMB in million	**2019**	**Proportion (%)**	2018	Proportion (%)	Change (%)
Radial tire cords	**3,340.2**	**89**	3,236.9	88	+3.2
- *For trucks*	***2,176.1***	***58***	*2,198.8*	*60*	*-1.0*
- *For passenger cars*	***1,164.1***	***31***	*1,038.1*	*28*	*+12.1*
Bead wires and other wires	**429.0**	**11**	440.8	12	-2.7
Total	**3,769.2**	**100**	3,677.7	100	+2.5

During the review period, the Group's revenue increased by 2.5% year-on-year to RMB3,769.2 million (first half of 2018: RMB3,677.7 million), mainly due to the steadily rising demands on radial tire cords.

Gross profit and gross profit margin

The Group's gross profit increased by 17.3% year-on-year to RMB724.3 million (first half of 2018: RMB617.6 million), with gross profit margin at 19.2% (first half of 2018: 16.8%), representing 2.4 percentage points higher year-on-year, attributable mainly to a decrease in steel wire rod price and other production costs as well as greater sales volume and revenue when compared to the corresponding period of last year.

Other income

Other income decreased by 36.3% to RMB51.3 million (first half of 2018: RMB80.6 million), mainly due to no waiver of trade payables recorded in the first half of 2019.

Other gains and losses, net

Other gains and losses, net increased by RMB27.6 million or 125.7% from net loss of RMB21.9 million in the first half of 2018 to net gain of RMB5.6 million in the first half of 2019. It was mainly attributable to the net foreign exchange gain and change in fair value of financial assets at fair value through profit or loss recorded in the first half of 2019 which was partially offset by an increase in impairment losses recognised on trade and other receivables.

Government grants

During the review period, government grants increased by 37.4% to RMB8.0 million (first half of 2018: RMB5.8 million), due to an increase in recurring subsidies from the local government.

Distribution and selling expenses

Distribution and selling expenses increased by 13.6% to RMB266.8 million (first half of 2018: RMB234.8 million). The increase was mainly attributable to rising transportation and storage costs under higher export sales volume as well as the tariffs incurred in the first half of 2019 relating to export sales to the United States of America.

Administrative expenses

Administrative expenses increased by 5.4% to RMB179.4 million (first half of 2018: RMB170.3 million), mainly attributable to an increase in salaries and pension provision.

Research and development expenses

Research and development expenses increased by 46.1% to RMB44.7 million (first half of 2018: RMB30.6 million), as more resources were put on developing new products to meet the needs of customers.

Finance costs

Finance costs rose by 3.8% to RMB27.9 million (first half of 2018: RMB26.9 million) if the amount capitalised in the cost of qualifying assets of RMB11.0 million in the first half of 2019 was excluded. The increase was mainly due to the rise of average balance of bank borrowings which was partially offset by the drop of interest on discounting bill receivables.

Income tax expense

The Group's income tax expense increased by RMB2.5 million or 5.8% to RMB45.9 million with an effective tax rate of 16.3% (first half of 2018: 19.8%). A decrease on effective tax rate was mainly due to the increase in portion of profit contributed by a major subsidiary of the Group, Jiangsu Xingda, which enjoys a lower income tax rate as compared with other operating subsidiaries of the Group.

Net profit

Taking the above factors into account, the Group's net profit for the six months ended 30 June 2019 increased by 33.7% to RMB235.5 million (first half of 2018: RMB176.1 million). If the change in fair value of financial assets at fair value through profit or loss, deferred tax charges related to provision of withholding tax from non-operating activities and net exchange loss arising from non-operating activities were excluded, the adjusted net profit of the Group for the six months ended 30 June 2019 would be RMB220.0 million, representing an increase of RMB40.8 million or 22.8% when compared with the same period in the previous year.

Reconciliation of report profit and underlying profit

	Six months ended 30 June	
	2019	2018
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
Profit for the period	**235,541**	176,119
Change in fair value of financial assets at fair value through profit or loss	**(15,811)**	—
Deferred tax charges related to the provision of withholding tax	—	2,588
Net exchange loss arising from non-operating activities	**294**	534
Underlying profit for the period	**220,024**	179,241
Underlying profit for the period attributable to:		
Owners of the Company	**143,888**	130,309
Non-controlling interests	**76,136**	48,932
	220,024	179,241

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 placement of fixed bank deposits and the expansion of production capacity.

Bank balances and cash including bank deposits of the Group increased by RMB475.9 million from RMB1,104.4 million as at 31 December 2018 to RMB1,580.3 million as at 30 June 2019. The increase was due to the cash generated from operating activities of RMB663.5 million, financing activities of RMB950.2 million and effect of foreign exchange rate changes of RMB0.2 million exceeding the cash used in investment activities of RMB1,138.0 million.

Borrowings increased by RMB1,029.6 million or 79.5% to RMB2,324.0 million as at 30 June 2019 from RMB1,294.4 million as at 31 December 2018. The bank borrowings carry interest at market rates from 2.92% to 5.36% (first half of 2018: 1.85% to 5.00%). Borrowings of RMB2,024.0 million are repayable within one year from 30 June 2019 and the remaining borrowings of RMB300.0 million are repayable after one year from 30 June 2019.

As at 30 June 2019, the Group's current assets decreased by 0.6% to RMB7,454.5 million (31 December 2018: RMB7,498.6 million). Current liabilities increased by 13.8% to RMB5,778.9 million (31 December 2018: RMB5,077.8 million). The Group's current ratio (being defined as current assets over current liabilities) decreased to 1.29 times (31 December 2018: 1.48 times). The decrease was mainly caused by the increase in borrowings - due within one year and decrease in trade, bill and other receivables. The gearing ratio (being defined as total debts to total assets) replacement as at 30 June 2019 was 17.0% (31 December 2018: 10.1%).

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 non-current assets and bank and debtors' balances in Thai baht, US dollars, Euros and Hong Kong dollars, most of the assets and liabilities of the Group were denominated in Renminbi. Therefore, the Group was not exposed to significant foreign exchange risk. 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 2019, capital expenditure for property, plant and equipment amounted to RMB735.9 million (first half of 2018: RMB215.9 million).

CAPITAL COMMITMENTS

As at 30 June 2019, the Group had made a capital commitment of approximately RMB361.9 million (31 December 2018: RMB400.9 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 2019 and 31 December 2018.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 30 June 2019 and 31 December 2018 respectively.

PLEDGE OF ASSETS

As at 30 June 2019, the Group did not have pledged bank deposits (31 December 2018: pledge of bank deposits in the amount of RMB52.0 million) to secure bill payables of the Group.

SIGNIFICANT INVESTMENTS

Pursuant to the placing letter signed by the Company on 2 October 2018, the Company has agreed to subscribe for 11,993,000 shares of Prinx Chengshan (Cayman) Holding Limited ("Prinx Chengshan", stock code: 01809), whose shares are listed on the Main Board of the Stock Exchange, at HK$5.89 per share in cash under the initial public offering. The total subscription money, after expenses, of approximately HK$71.4 million was satisfied by the internal resources of the Group. The above mentioned investment still exists and a change in fair value of financial assets at fair value through profit or loss of RMB15.8 million was recorded during the six months ended 30 June 2019. Save as disclosed above, the Group had no other significant investments for the six months ended 30 June 2019 and 2018 respectively.

OTHER COMMITMENTS

On 12 April 2019, Faith Maple International Ltd. ("Faith Maple"), a direct wholly-owned subsidiary of the Company, entered into a capital increase agreement with the 江蘇興宏達實業有限公司 (Jiangsu Xinghongda Industrial Ltd.*), 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.*) and 興化市興戴貿工農總公司 (Xinghua Xingdai Commercial and Industrial Company*), all of them were the existing non-controlling shareholders of Jiangsu Xingda, pursuant to which Faith Maple agreed to inject a total of RMB715,000,000 in cash to subscribe for 220,000,000 new shares of Jiangsu Xingda.

On 12 April 2019, Faith Maple entered into an equity transfer agreement with Jiangsu Xingda, pursuant to which Faith Maple agreed to transfer 90% equity interests in 江蘇興達特種金屬複合線有限公司 Jiangsu Xingda Special Cord to Jiangsu Xingda at a consideration of RMB676,345,300. Upon completion of the Equity Transfer, Jiangsu Xingda Special Cord will be owned as to 100% by Jiangsu Xingda and will remain as an indirect non-wholly owned subsidiary of the Company.

As a result of the above mentioned 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%. Details are set out in the Company's announcement dated 12 April 2019. As at 30 June 2019, the proposed restructuring was yet to complete.

**for identification only*

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 2019 and 2018 respectively.

HUMAN RESOURCES

As at 30 June 2019, the Group had approximately 7,200 full time employees (31 December 2018: approximately 6,800). Total staff costs including directors' remuneration for the six months ended 30 June 2019 was approximately RMB364.4 million (first half of 2018: approximately RMB323.9 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 Labour Union of Xingda ("Xingda Labour Union"). Each year, Jiangsu Xingda and Shandong Xingda Steel Tyre Cord Co., Ltd. ("Shandong Xingda") contributes 2% of the total salary of staff ("Union Fee") to support operation of the Xingda Labour Union. The Union Fee, together with other funds obtained by the Xingda Labour 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 2019, the amount of Union Fees contributed by Jiangsu Xingda and Shandong Xingda to the Xingda Labour Union was RMB5.7 million (first half of 2018: RMB4.9 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 upon the trust in relation to the share award scheme were added to the Fourth Batch Shares. In 2018, 506,266 scrip shares allotted under the scrip dividend scheme of the Company as dividend derived from the shares held upon the trust in relation to the share award scheme were added to the Fourth Batch Shares. As at 30 June 2019, the balance of the Fourth Batch Shares was 5,222,277 shares.

As at 30 June 2019, all the First Batch Shares, the Second Batch Shares, the Third Batch Shares and one-third of Fourth Batch Shares have been vested with selected employees. The remaining two-third of Fourth Batch Shares are expected to be vested with selected employees in a two-year period from 2020 to 2021.

PROSPECTS

2019 is the fourth year of China's 13th Five-Year Plan. With the Sino-US trade conflicts looming, the economic indicators of major economies worldwide have remained weak. Heeding that, the Chinese government has proposed to adopt the policy direction of "maintaining stable growth, preventing risks, making structural adjustments, pursuing progress while ensuring stability", and will implement a series of measures including tax reduction and infrastructure investments. As such, the Chinese economy is expected to remain relatively stable and resilient in the future.

As a leader of tire cord production, Xingda has insisted on accelerating technological innovation, improving product quality, and controlling costs effectively. Also, with its management having shrewd foresight and able to seize first opportunity to tap new markets, boost domestic and overseas demand and with the operation of a factory in Thailand expected in the second half of 2019 to avert operational risks while meeting steadily growing market demand in the Pan Pacific Region, the Group is expected to achieve stable sales growth in the increasingly complex market environment.

Looking ahead, the Group will keep a close watch on the global environment and changes in the macro market to prepare for various comprehensive response plans and timely adjust its strategic global deployment. Applying its unique competitive advantages and strong capital, plus embracing international operation concepts, Xingda will endeavor to develop premium quality products and technologies. It will also seize opportunities to open up new markets and enhance its competitiveness. Construction of the new factory in Thailand will enable the Group to expand production capacity and extend its industrial chain in Asia, which can help consolidate its standing as a leading radial tire cords manufacturer and create long-term satisfactory returns for all shareholders.

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2019.

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 2019, 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.

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 2019.

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

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 2019.

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 2019.

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

Shanghai, the PRC, 22 August 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.