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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 2008

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2008 **(Unaudited)**	2007 (Unaudited)	**Growth (%)**
	RMB in million		
Revenue	**1,775.2**	1,253.4	41.6
Gross profit	**475.5**	313.1	51.9
Gross margin	**26.8**	25.0	1.8
EBITDA *(Note)*	**485.8**	331.7	46.5
Profit for the period	**310.4**	92.9	234.1
Profit attributable to equity holders of the Company	**238.7**	41.4	476.6
Earning per share – Basic (RMB cents)	**17.22**	3.22	434.8

Note: It is defined as profit before finance costs, income tax, depreciation, amortization and gain(loss) on fair value adjustment on the convertible bonds

INTERIM RESULTS

The board of directors (the "Board") of Xingda International Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2008 together with the comparative figures as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 June 2008

		Six months ended 30 June	
	NOTES	**2008**	2007
		(unaudited)	(unaudited)
		RMB'000	*RMB'000*
Revenue	3	**1,775,187**	1,253,448
Cost of sales		**(1,299,664)**	(940,395)
Gross profit		**475,523**	313,053
Other income		**38,563**	46,993
Government grants		**41,474**	4,473
Selling and distribution expenses		**(66,555)**	(47,609)
Administrative expenses		**(111,298)**	(72,454)
Finance costs		**(44,332)**	(49,667)
Gain (loss) on fair value adjustment on the convertible bonds		**18,971**	(71,752)
Profit before tax		**352,346**	123,037
Income tax expense	4	**(41,978)**	(30,105)
Profit for the period	5	**310,368**	92,932
Profit attributable to:			
Equity holders of the Company		**238,663**	41,421
Minority shareholders		**71,705**	51,511
		310,368	92,932
Dividend paid	6	**74,043**	50,305
Earnings per share	7		
Basic (RMB cents)		**17.22**	3.22
Diluted (RMB cents)		**13.76**	3.22

CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2008

	NOTES	**As at 30 June 2008 (unaudited)** *RMB'000*	As at 31 December 2007 (audited) *RMB'000*
ASSETS AND LIABILITIES			
NON-CURRENT ASSETS			
Property, plant and equipment		**2,139,059**	2,074,219
Prepaid lease payments		**114,055**	115,298
Available-for-sale investments		**500**	500
Deposits paid for purchase of property, plant and equipment		**325,973**	190,294
Deferred tax assets		**9,085**	—
		2,588,672	2,380,311
CURRENT ASSETS			
Prepaid lease payments		**2,487**	2,487
Inventories		**373,714**	288,724
Trade and other receivables	8	**2,046,248**	1,642,559
Pledged bank deposits		**18,685**	42,676
Bank balances and cash		**789,964**	947,356
		3,231,098	2,923,802
CURRENT LIABILITIES			
Trade and other payables	9	**604,877**	500,142
Amounts due to directors		**47**	335
Amount due to a related company		**2,838**	2,844
Dividend payable		**35**	—
Tax payable		**59,149**	48,128
Bank borrowings - due within one year		**1,425,515**	1,201,720
Convertible bonds		**201,123**	237,083
		2,293,584	1,990,252
NET CURRENT ASSETS		**937,514**	933,550
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,526,186**	3,313,861
NON-CURRENT LIABILITY			
Government grants		**900**	24,900
NET ASSETS		**3,525,286**	3,288,961

CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 30 JUNE 2008

	As at 30 June 2008 (unaudited) ***RMB'000***	As at 31 December 2007 (audited) *RMB'000*
CAPITAL AND RESERVES		
Share capital	**139,091**	139,091
Reserves	**2,566,952**	2,402,332
	2,706,043	2,541,423
MINORITY INTERESTS	**819,243**	747,538
TOTAL EQUITY	**3,525,286**	3,288,961

NOTES TO THE INTERIM FINANCIAL INFORMATION

1. BASIS OF PREPARATION

The interim financial information has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited and with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board (the "IASB").

2. PRINCIPAL ACCOUNTING POLICIES

The interim financial information has been prepared on the historical cost basis, except for certain financial instruments that have been measured at fair value.

The accounting policies used in the interim financial information are consistent with those followed in the preparation of the Group's financial statements for the year ended 31 December 2007.

In the current interim period, the Group has applied, for the first time, new interpretations (“New Interpretations”) issued by the IASB and the International Financial Reporting Interpretations Committee (the "IFRIC") of the IASB that are effective for the Group’s financial year beginning on 1 January 2008. The adoption of these New Interpretations had no material effect on the results and financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied the new, revised and amended standards or interpretations that have been issued but are not yet effective. The adoption of IFRS 3 (revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on, or after 1 July 2009. IAS 27 (revised) will affect the accounting treatment for changes in a parent’s ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions. The directors of the Company anticipate that the application of the other new or revised standards or interpretations will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

The Group's operations are located in the People’s Republic of China (“China” or the “PRC”) and substantially all of the Group's consolidated revenue and segment profit from operations are derived from the manufacture and trading of radial tire cords and bead wires to customers substantially located in the PRC. Accordingly, no analyses by business segment and geographical areas of operations are provided.

4. INCOME TAX EXPENSE

	Six months ended 30 June	
	2008	2007
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
The charge comprises:		
Current tax		
Current period	**51,063**	30,105
Deferred taxation	**(9,085)**	—
	41,978	30,105

The tax charge in respect of the current period represents income tax in the PRC which is calculated at the prevailing tax rate on the taxable income of the group entities in the PRC.

No provision for Hong Kong Profits Tax has been made in the interim financial information as the Group's profit neither arises in, nor is derived from, Hong Kong for both periods.

Pursuant to the Foreign-Invested Enterprises and Foreign Enterprise Income Tax Law 外商投資企業和外國企業所得稅法 in the PRC, Jiangsu Xingda Steel Tyre Cord Co., Ltd. ("Jiangsu Xingda") was entitled to the exemptions from PRC Foreign Enterprise Income Tax ("FEIT") for two years starting from its first profit-making year, followed by a 50% tax relief for the next three years. Jiangsu Xingda was enjoying a 50% tax relief for the six months ended 30 June 2007 and 30 June 2008 respectively.

On 16 March 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. The New Law and Implementation Regulations will change the tax rate from 33% to 25% for certain subsidiaries of the Company from 1 January 2008.

At 30 June 2008, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised was RMB287.4 million. No 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.

5. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging (crediting):

	Six months ended 30 June	
	2008	2007
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
Depreciation of property, plant and equipment	**106,879**	86,023
Amortisation of prepaid lease payments	**1,243**	1,243
Allowance for doubtful debts	**14,214**	—
Research and development expenditure	**9,389**	10,209
Exchange loss, net	**12,036**	18,529
Gain on disposal of property, plant and equipment	**(314)**	(72)

6. DIVIDEND PAID

	Six months ended 30 June	
	2008	2007
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
Final dividend paid for 2007 - HK 6 cents per share (2007: final dividend paid for 2006 - HK 4 cents per share)	**74,043**	50,305

7. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2008	2007
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
		(note)
Earnings		
Earnings for the purposes of basic earnings per share (profit for the period attributable to equity holders of the Company)	**238,663**	41,421
Effect of dilutive potential ordinary shares		
Fair value adjustment on the convertible bonds	**(18,971)**	—
Exchange realignment on the convertible bonds	**(14,415)**	—
Earnings for the purposes of the diluted earnings per share	**205,277**	41,421
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**1,386,177**	1,286,000
Effect of dilutive potential ordinary shares on convertible bonds	**105,487**	—
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**1,491,664**	1,286,000

7. EARNINGS PER SHARE (CONTINUED)

Note: For the six months ended 30 June 2007, the computation of diluted earnings per share did not assume the conversion of the Company's outstanding convertible bonds since their assumed exercise would result in an increase in earnings per share.

8. TRADE AND OTHER RECEIVABLES

The Group allows an average credit period of 120 days to its trade customers.

The following is an aged analysis of trade receivables at the balance sheet date:

	As at 30 June 2008 (unaudited) ***RMB'000***	As at 31 December 2007 (audited) *RMB'000*
Trade receivables		
0 - 90 days	**902,319**	706,665
91 - 180 days	**145,108**	115,024
181 - 360 days	**96,536**	98,824
Over 360 days	**27,553**	49,238
	1,171,516	969,751
Less: Allowance for doubtful debts	**(24,456)**	(10,411)
	1,147,060	959,340
Note receivables		
0 - 90 days	**256,133**	241,199
91 - 180 days	**286,765**	228,733
	542,898	469,932
Advance to suppliers	**331,021**	137,581
Excess payment for purchase of properties	—	29,166
Other receivables and prepayments	**25,558**	46,660
Less: Allowance for doubtful debts	**(289)**	(120)
	356,290	213,287
	2,046,248	1,642,559

9. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables and note payables at the balance sheet date:

	As at 30 June 2008 (unaudited) ***RMB'000***	As at 31 December 2007 (audited) *RMB'000*
Trade payables		
0 - 90 days	**150,232**	139,113
91 - 180 days	**30,230**	30,476
181 - 360 days	**4,579**	9,220
Over 360 days	**5,080**	5,686
	190,121	184,495
Note payables		
0 - 90 days	**162,000**	—
Value-added tax payables and other tax payables	**48,069**	28,046
Accrued staff costs	**80,863**	100,077
Payables for purchase of property, plant and equipment	**60,662**	110,719
Accrued electricity charges	**24,945**	25,777
Others	**38,217**	51,028
	252,756	315,647
	604,877	500,142

MANAGEMENT DISCUSSION AND ANALYSIS

We are pleased to present the interim results of Xingda International Holdings Limited (the "Company") and its subsidiaries (together, the "Group" or "Xingda") for the six months ended 30 June 2008.

During the period under review, benefiting from strong market demand in the PRC, sales volume of radial tire cords of the Group surged approximately 29.7% while revenue increased 41.6% to RMB1,775.2 million as compared with the same period last year. With its efforts to implement various policies to raise profit and control cost, the Group effectively boosted gross profit margin to 26.8% from 25.0% in the same period of last year, and gross profit was also up by 51.9% to RMB475.5 million. Profit attributable to equity holders of the Company was RMB238.7 million, representing an increase of 476.6% compared with the same period of 2007. The Board of the Company does not recommend payment of interim dividend for the six months ended 30 June 2008.

During the period, the thriving economy and trading activities in the PRC, as well as the prospering automobile and road transportation sectors of the country has stimulated market demand for trucks. In addition, the improved consumption power of the PRC residents has boosted demand for automobiles. According to the China Association of Automobiles Manufacturers, in the first half of 2008, sales of truck recorded a year-on-year increase of 19.2% to approximately 950,000 units, while sales of automobile rose year-on-year by 16.0% to approximately 2.7 million units. The continuous demand growth gave a strong boost to the radial tires manufacturing industry in the PRC. According to the figures of China Rubber Industry Association, the tire manufacturing industry in the PRC is one of the fastest growing market in the world. Besides, the PRC is one of the largest tire manufacturing countries in the world and accounts for approximately 9.0% of the world market.

During the period, the price advantage of bias tires was obviously weakened because of consistently high rubber price. Hence, more and more truck drivers turned to use radial tires which in turn expedited the radialization rate of tires in the PRC. The Group benefited directly from this favorable market environment. According to the China Rubber Industry Association, in the six months ended 30 June 2008, the country exported approximately 5.6 million or 14.1% more radial tires year-on-year.

In order to enhance its overall profit, the Group implemented flexible pricing strategy during the period to shift a reasonable part of the increased cost to customers. The Group also strived to control cost by continuously using a higher portion of locally made steel wire rods and tightening relationship with suppliers, and through bulk purchase to ensure it had steady supply of steel wire rods at stable price. These internal and external measures allowed the Group to effectively mitigate the pressure from increasing raw material prices, as well as seize opportunities in the booming tire cords market, and thus improved the overall effectiveness of its operation.

In addition, Jiangsu Xingda Special Cord Co., Ltd. set up by the Group in 2007 commenced full operation and contributed profit to the Group gradually.

BUSINESS REVIEW

During the first half of 2008, the Group's total sales volume increased by 29.7% to 137,100 tonnes as compared with the same period of 2007. During the period, radial tire cords continued to be the Group's core product and 114,900 tonnes were sold, an increase of 29.8% year-on-year, accounting for 83.8% of the total sales volume (first half of 2007: 83.7%) of the Group. The sales volume of bead wires increased by 29.1% to 22,200 tonnes, accounting for 16.2% of the total sales volume (first half of 2007: 16.3%).

Radial tire cords can be divided into two main categories – for trucks and passenger cars. The Group has focused traditionally on selling radial tire cords for trucks which have a higher gross profit margin. During the period, the Group sold 98,000 tonnes of this said product, 36.9% more year-on-year, which boosted its marginal profit. The sales volume of radial tire cords for passenger cars was maintained at 16,900 tonnes. Radial tire cords for trucks and passenger cars accounted for 85.3% and 14.7% of the Group's total sales volume of radial tire cords respectively (first half of 2007: 80.9% and 19.1% respectively).

Driven by accelerating radialization of tires in the PRC, market demand for radial tire cords has been growing rapidly. Heeding this trend, the Group made PRC its target market for the period, which explained the 98.3% share in total sales volume contributed by domestic business. To consolidate its share in the domestic market, apart from retaining existing customers, the Group has actively sought to collaborate with leading domestic tire manufacturers. As for overseas business, it developed steadily and accounted for 1.7% of the Group's total sales volume.

During the period, although the price of locally supplied steel wire rods increased, with the Group using more of other materials generally at higher prices, steel wire rods therefore took up a slightly smaller portion of costs for the period and accounted for 52.2% of cost of sales (first half of 2007: 53.5%). Despite the pressure from rising raw material prices, exercising effective cost control and through adjusting the selling prices of products, etc., the Group was able to ease pressure from rising costs.

With the first phase of the Group's No.8 Factory in full operation, it boasted production capacity for radial tire cords of up to 284,000 tonnes during the six months ended 30 June 2008, up 30.2% as compared with same period last year, whereas production capacity for bead wires reached 66,000 tonnes, up 69.2% as compared with same period last year. The overall production utilization rate of the Group increased from 80.0% in the first half of 2007 to 86.0% in the first half of 2008.

The Group places strong emphasis on research and development and it developed 14 new types of radial tire cords during the period. As at 30 June 2008, the Group offers a portfolio of 97 types of radial tire cords and 30 types of bead wires (first half of 2007: 64 types of radial tire cords and 25 types of bead wires). The Group will continue to actively develop new products and improve production technology at its technical centre and new product research centre, so as to enhance the competitiveness of its products.

FINANCIAL REVIEW

Revenue

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

	Six months ended 30 June				
RMB in million	2008	Proportion (%)	2007	Proportion (%)	Change
Radial Tire Cords	1,624	91	1,163	93	461
- *For Truck*	*1,425*	*80*	*974*	*78*	*451*
- *For Passenger Car*	*199*	*11*	*189*	*15*	*10*
Bead Wires	151	9	90	7	61
Total	1,775	100	1,253	100	522

The Group achieved satisfactory results, making a total revenue of RMB1,775.2 million during the period, 41.6% or RMB521.8 million more than RMB1,253.4 million for the first half of 2007. The increase was mainly attributable to the increased average selling price for both radial tire cords and bead wires in the first half of 2008 and strong sales of the product. Benefiting from strong market demand, in the six months ended 30 June 2008, the Group sold 114,900 tonnes of radial tire cords, up by 29.8%. Sales of radial tire cords for truck in particular performed outstandingly in the PRC market.

Gross profit and gross profit margin

For the six months ended 30 June 2008, the Group's gross profit increased by 51.9% or RMB162.4 million to RMB475.5 million from RMB313.1 million for the first half of 2007, and gross profit margin increased from 25.0% to 26.8%. The increments were attributable to the increased average selling price of radial tire cords, effective cost control measures such as bulk purchase and increased sourcing of domestic raw materials, as well as continuous expansion of production capacity that enhanced manufacturing effectiveness and output ratio.

Other income and government grant

Other income of the Group reduced by RMB8.4 million, or 17.9%, from RMB47.0 million for the first half of 2007 to RMB38.6 million for the period under review. The decrease was caused by a drop in bank interest income, which partially offset the increase in sales of scrap raw materials. With the national policy which encourages development of the radial tire industry, the Government grant for the period increased by RMB37 million, or 822.2%, from RMB4.5 million for the first half of 2007 to RMB41.5 million for the first half of 2008. The increase was owed to the increased subsidy from the local government of Xinghua City.

Operating expenses

Selling and distribution expenses of the Group increased by RMB19.0 million, or 39.9%, from RMB47.6 million for the first half of 2007 to RMB66.6 million for the first half of 2008. The increase was mainly caused by the increase in transportation cost and rewards payable to sales team as a result of the sales volume growth and increase in average selling price of products. Against the same period last year, administrative expenses increased by RMB38.8 million during the period under review, attributable mainly to the expanded management workforce and increased staff cost, and impairment loss on trade and other receivables of RMB14.2 million.

Finance costs

Finance costs decreased by RMB5.4 million, or 10.9%, to RMB44.3 million for the first half of 2008 from RMB49.7 million for the same period in 2007. The decrease was mainly caused by a significant drop in interest on note receivables discounted, partially offset by the increase in interest on bank borrowings wholly repayable within one year.

Fair value adjustment on convertible bonds

The Company issued convertible bonds for an aggregate principal amount of approximately USD30.4 million, USD19.7 million and USD3.9 million (the "Convertible Bonds") on 7 May 2005, 29 December 2005 and 18 January 2006 respectively, with a coupon rate of 1.0% per annum and the respective maturity date is the banking day immediately preceding the third anniversary of the relevant date of issue. Under International Accounting Standard 32 and 39, the Convertible Bonds have to be stated at fair value which is determined by an independent expert valuer as at each period end. The fair value of the Convertible Bonds is arrived at after using the Black-Scholes option pricing model with the input of various variables including the closing share price, the volatility of the market for the Company's shares and the time to maturity of the Convertible Bonds.

The gain on fair value adjustment on the Convertible Bonds was RMB19.0 million for the first half of 2008, representing a difference of RMB90.8 million, when compared to the loss of RMB71.8 million for the corresponding period in 2007. The gain for the first half of 2008 was mainly contributed by the drop in market price of the Company's shares from HKD1.91 per share as at 31 December 2007 to HKD1.40 per share as at 30 June 2008.

Income tax

The Group had an income tax charge of RMB42.0 million with an effective tax rate of approximately 11.9% during the period. The effective tax rate for the period decreased by approximately 12.6 percentage points from approximately 24.5% in the first half of 2007. The decrease was mainly the result of inclusion of deferred tax credit of RMB9.1 million in this period.

Net profit

Taking the above factors into account, the Group's net profit for the six months ended 30 June 2008 amounted to RMB310.4 million, representing an increase of RMB217.5 million, or 234.1%, when compared with the corresponding period of last year. If the gain or loss on fair value adjustment on the convertible bonds and exchange difference arising from non-operating activities were excluded, the adjusted net profit of the Group for the six months ended 30 June 2008 would be RMB295.7 million, representing an increase of RMB114.2 million, or 62.9%, when compared with the same period last year.

Reconciliation of report profit and underlying profit attributable to equity holders of the Company

	Six months ended 2008 *(unaudited)* RMB'000	Six months ended 2007 *(unaudited)* RMB'000
Profit for the period	310,368	92,932
(Gain) loss on fair value adjustment on the convertible bonds (note)	(18,971)	71,752
Non-trade nature exchange loss	4,339	16,862
Underlying profit for the period	295,736	181,546
Underlying profit for the period attributable to:		
Equity holders of the Company	224,031	130,035
Minority shareholders	71,705	51,511
	295,736	181,546

Note: Gain or loss on fair value adjustment on the convertible bonds represented the change in the fair value of the convertible bonds as calculated by an independent and recognized international business valuer. The change in fair value of the bonds did not arise from the ordinary course of operation of the Group.

LIQUIDITY, CAPITAL RESOURCES AND CAPITAL STRUCTURE

The principal source of liquidity and capital resources was cash flow generated from operating activities whereas the principal uses of cash were operational costs and expansion of production capacity.

Bank balances and cash including bank deposits of the Group decreased by RMB157.4 million from RMB947.4 million as at 31 December 2007 to RMB790.0 million as at 30 June 2008. The decrease was the result of net cash used in investing activities including RMB272.9 million for expanding production capacity, partially offset by the bank loans borrowed less interest and financing activities undertaken in relation to dividend payment in the total net cash inflow of RMB105.9 million, as well as the net cash inflow of RMB9.6 million from operating activities.

Bank borrowings increased by RMB223.8 million, or 18.6%, to RMB1,425.5 million as at 30 June 2008 from RMB1,201.7 million as at 31 December 2007. The increase was mainly commanded by the need to finance acquisition of fixed assets and raw materials. The bank borrowings carry interest at market rates of between 5.91% to 9.20% and are repayable within one year from the balance sheet date.

The Group's current assets increased by RMB307.3 million, or 10.5%, from RMB2,923.8 million as at 31 December 2007 to RMB3,231.1 million as at 30 June 2008 and its current liabilities increased by 15.2% from RMB1,990.3 million as at 31 December 2007 to RMB2,293.6 million as at 30 June 2008. The Group's current ratio (being defined as current assets over current liabilities) was down from 1.47 times as at 31 December 2007 to 1.41 times as at 30 June 2008. The decrease was mainly caused by the decrease in bank balances and cash. Gearing ratio, which is measured by total debts (bank borrowings and Convertible Bonds) to total assets, was up from 27% as at 31 December 2007 to 28% as at 30 June 2008 because of increase in bank borrowings.

CONVERTIBLE BONDS

In May 2005, the Company issued the first tranche of Convertible Bonds ("First Tranche Bonds") to Tetrad Ventures Pte Ltd. ("Tetrad") and Henda Limited ("Henda") for an aggregate principal amount of USD30.4 million (approximately RMB222.1 million). Subject to adjustment, the First Tranche Bonds are convertible at approximately HKD1.853 (approximately RMB1.735) per ordinary share of the Company ("Share") to be issued upon conversion. If the First Tranche Bonds have not been converted in full into Shares by 6 May 2008 ("First Tranche Maturity Date"), Tetrad and Henda may require the Company to redeem the outstanding amounts of the First Tranche Bonds respectively. In December 2005 and January 2006, Tetrad and Henda subscribed for the second tranche of Convertible Bonds ("Second Tranche Bonds") for an aggregate principal amount of USD23.6 million (approximately RMB172.4 million), which will be repayable by Tetrad and Henda in December 2008 and January 2009 respectively. The Second Tranche Bonds are also convertible at approximately HKD1.853 (approximately RMB1.735) per Share subject to adjustment. On 13 September 2006, Tetrad agreed to transfer to Goldman Sachs Strategic Investments (Asia) L.L.C. ("GSSIA") part of the First Tranche Bonds in the aggregate principal amount of approximately USD5.3 million (approximately RMB38.4 million).

Under the terms and conditions of the Convertible Bonds, Henda, Tetrad and GSSIA each has the right to require early redemption of their respective Convertible Bonds under certain circumstances, including change in control of the Company other than as a result of listing of the Company.

In July 2007, Tetrad elected to convert a principal amount of approximately USD19.9 million (approximately RMB151.1 million) of the First Tranche Bonds into Shares at a conversion price of HKD1.853 per Share. Immediately following such conversion, Tetrad held 83,628,471 Shares (representing approximately 6.1% of the enlarged issued share capital of the Company), and the outstanding principal amount of the First Tranche Bond and the Second Tranche Bond held by Tetrad was USD204,804 (approximately RMB1.42 million) and USD19.7 million (approximately RMB134.9 million) respectively.

In July 2007 and December 2007, Henda elected to convert a principal amount of USD4.5 million (approximately RMB32.9 million), being part of the First Tranche Bonds, and a principal amount of USD4.5 million, being the total outstanding principal amount of the First Tranche Bonds and the Second Tranche Bonds held by Henda, respectively, into shares at a conversion price of HKD1.853 per Share. Immediately following such conversions, Henda held 37,876,222 Shares (representing approximately 2.73% of the then enlarged issued share capital of the Company), and the First Tranche Bonds and the Second Tranche Bonds held by Henda were fully converted.

In April 2008, the Company received a notice given by GSSIA to extend the First Tranche Maturity Date for a period of one year to 6 May 2009. As at 30 June 2008, GSSIA has not exercised its conversion rights under the Convertible Bonds and the outstanding principal amount of the Convertible Bonds held by it is approximately USD5.3 million (approximately RMB38.4 million).

In May 2008, the Company received a notice given by Tetrad requiring the Company to redeem on the First Tranche Maturity Date an aggregate principal amount of USD204,804 (approximately RMB1.42 million) of the First Tranche Bonds, being all the outstanding principal amount of the First Tranche Bonds held by Tetrad, at the redemption amount of USD230,942 in accordance with the First Tranche Conditions. The Company have also paid Tetrad an amount of USD34,170 (approximately RMB240,000) being all the outstanding and unpaid interests accrued on the First Tranche Bonds held by Tetrad up to and including the First Tranche Maturity Date. Upon the redemption becoming effective, Tetrad held 83,628,471 Shares (representing approximately 6.03% of the then issued share capital of the Company), and the principal amount of USD204,804 of the First Tranche Bonds so redeemed have forthwith been cancelled whereas the outstanding principal amount of the Second Tranche Bonds held by Tetrad remained unchanged at USD19.7 million (approximately RMB134.9 million).

During the six months ended 30 June 2008, the Company paid the holders of the Convertible Bonds interest of USD137,691 (approximately RMB969,000) (first half of 2007: USD343,333 or RMB2.6 million).

Upon the allotment of Shares pursuant to the conversions mentioned above, the outstanding principal of the Convertible Bonds has been reduced to approximately USD25.0 million.

FOREIGN EXCHANGE RISK

The Group's sales and purchases were principally denominated in Renminbi and US dollars. As proceeds from sales in US dollars were used entirely in payment, appreciation of the Renminbi had little impact on the operation of the Group. As apart from certain bank balances in HK dollars and convertible bonds in US dollars, almost all of the assets and liabilities of the Group were denominated in Renminbi, except for those bank balances and convertible bonds, the Group was not exposed to significant foreign exchange risk. Thus, during the period under review, exchange rate fluctuation had not caused any major adverse impact on the operation or liquidity of the Group. Accordingly, the Group did not engage in any instrument to hedge against foreign exchange risks during the period under review. However, the Group will closely monitor the impact of change in value of the Renminbi on its operation and consider appropriate hedging solutions to use, if required.

CAPITAL COMMITMENTS

As at 30 June 2008, the Group had made capital commitment of approximately RMB 213.2 million (first half of 2007: RMB269.4 million) for acquisition of property, plant and equipment contracted for but not provided in the financial statements. The Group did not make any capital commitment for acquisition of property, plant and equipment authorized but not contracted for as at 30 June 2008.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 30 June 2008.

HUMAN RESOURCES

As at 30 June 2008, the Group had approximately 7,100 (31 December 2007: approximately 6,500) full time employees and all of them were based in the PRC. Total staff costs including directors' remuneration for the six months ended 30 June 2008 was approximately RMB147.2 million (first half of 2007: approximately RMB91.8 million). The remuneration packages which consist of salaries and bonuses are based on the employees' merit, qualifications and competence and are generally reviewed annually. The Group continues to provide training programmes for staff to enhance their technical and product knowledge as well as knowledge of industry quality standards.

In addition to salary, the Group also provides various benefits to employees through the Labour Union of Jiangsu Xingda ("Xingda Labour Union"). Each year, Jiangsu Xingda contributes 2% of the total salary of staff to support operation of the Xingda Labour Union ("Union Fee"). The Union Fee, together with other funds obtained by the Xingda Labour Union are used to provide different 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 2008, the amount of Union Fee contributed by Jiangsu Xingda to the Xingda Labour Union amounted to RMB2.9 million (first half of 2007: RMB1.7 million).

On 14 January 1999, the State Council of the PRC published the Provisional Regulations for Collection of Social Funds (the "Social Insurance Regulations"). According to the Social Insurance Regulations, the Group is required to make contributions to pension funds, medical insurance, work-related injury insurance and unemployment insurance (collectively, "Social Insurance Funds") for its employees. Full-time employees of the Group in the PRC are covered by the contributory pension scheme managed by the state entitling them to a monthly pension after they retired. 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 Manicipality at a specified rate. The contribution is booked in due course as operating expense of the Group. Under the scheme, no forfeited contributions are available to reduce the existing level of contributions.

PROSPECTS

With the PRC economy thriving and the tire industry of the country going through consolidation, the Group expects demand for radial tire cords to keep increasing, hence provide it with strong growth impetus. To satisfy domestic and overseas market demands and prepare for full scale radialization of tires in the country, the Group will expand production capacity continually, targeting to increase its annual production capacity for high performance radial tire cords by 40,000 to 50,000 tonnes in the next three years. The Group will also control production cost strictly, continue to suppress expenses through bulk purchase and strengthen relationship with suppliers and customers, so as to stabilize and boost profit.

In the second half of 2008, the Group expects the prices of raw materials to stand high. To cope with rising cost pressure, Xingda will remain pragmatic and prudent, and at the same time actively improve cost effectiveness. With extensive experience in producing radial tire cords and boasting advanced technologies, Xingda is confident of its ability to triumph over challenges and head toward a bright future. Looking forward, the Group will strive to expand its business, riding on its solid expansion strategy to gradually enlarge market share and income base, as well as keep an optimum development pace. It will seek to strengthen leadership in the PRC radial tire cords industry and bring better returns to shareholders.

INTERIM DIVIDEND

The Board of directors of the Company does not recommend for the payment of interim dividend for the six months ended 30 June 2008.

CORPORATE GOVERNANCE PRACTICES

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

The Company has applied the principles in and complied with the code provisions of the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2008, except for the deviation from code provision A.2.1 which provides that the roles of chairman and chief executive officer 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 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 five executive Directors, the Executive Committee of the Company (comprising four executive Directors) 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.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (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 by the Company, all Directors have confirmed that they have complied with the required standards set out in the Model Code throughout the period under review.

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 2008.

REVIEW OF INTERIM FINANCIAL STATEMENTS

The Audit Committee together with the external auditors and the management has reviewed the accounting principles and practices adopted by the Group and discussed the internal control and financial reporting matters including the review of the unaudited interim results of the Group for the six months ended 30 June 2008.

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

Shanghai, the PRC, 8 September 2008

As at the date of this announcement, the executive Directors are Mr. LIU Jinlan, Mr. LIU Xiang, Mr. TAO Jinxiang, Mr. WU Xinghua, Mr. CAO Junyong and Mr. ZHANG Yuxiao, the non-executive Directors are Mr. LU Guangming George, Ms. WU Xiaohui and Mr. ZHOU Mingchen and the independent non-executive Directors are Mr. KOO Fook Sun, Louis, Mr. William John SHARP and Ms. XU Chunhua.