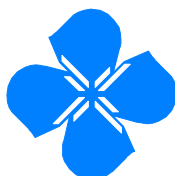


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XINGDA INTERNATIONAL HOLDINGS LIMITED

興達國際控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 01899)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022**

FINANCIAL HIGHLIGHTS

	2022	2021	Change
	<i>RMB in million</i>	<i>RMB in million</i>	
Revenue	10,812.0	10,645.3	+1.6%
Gross profit margin	21.0%	19.4%	+1.6pp
EBITDA (note)	1,521.6	1,192.8	+27.6%
Profit for the year attributable to owners of the Company	348.4	218.9	+59.2%
Earnings per share –			
basic (RMB cents)	20.99	13.46	+55.9%
diluted (RMB cents)	20.88	13.37	+56.2%
Proposed final dividend/ final dividend per share (HK cents)	15.0	15.0	---

Note: It is defined as profit before finance costs, income tax expense, depreciation and amortisation.

RESULTS

The board of directors (the “Board”) of Xingda International Holdings Limited (the “Company” or “Xingda”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2022 together with the comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	NOTES	Year ended 31/12/2022 RMB'000	Year ended 31/12/2021 RMB'000
Revenue	4	10,812,028	10,645,310
Cost of sales		(8,538,496)	(8,580,412)
Gross profit		2,273,532	2,064,898
Other income	5	213,819	189,785
Government grants		22,711	20,567
Recognition of impairment losses under expected credit loss model		(2,543)	(7,507)
Other gains and losses, net	6	152,336	(83,718)
Distribution and selling expenses		(1,061,026)	(999,339)
Administrative expenses		(452,228)	(463,447)
Research and development expenditure		(169,231)	(138,801)
Other expense	5	(33,796)	—
Finance costs	7	(198,936)	(163,437)
Profit before tax		744,638	419,001
Income tax expense	8	(186,426)	(112,036)
Profit for the year	9	558,212	306,965
<i>Other comprehensive income (expense)</i> <i>Item that may be reclassified subsequently to</i> <i>profit or loss:</i>			
Exchange difference arising on translation of foreign operations		19,159	(84,732)
Total comprehensive income for the year		577,371	222,233

	<i>NOTE</i>	Year ended 31/12/2022 RMB'000	Year ended 31/12/2021 RMB'000
Profit for the year attributable to:			
Owners of the Company		348,391	218,855
Non-controlling interests		209,821	88,110
		558,212	306,965
Total comprehensive income for the year attributable to:			
Owners of the Company		361,830	159,251
Non-controlling interests		215,541	62,982
		577,371	222,233
Earnings per share			
Basic (RMB cents)	11	20.99	13.46
Diluted (RMB cents)		20.88	13.37

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022**

	<i>NOTES</i>	31/12/2022 <i>RMB'000</i>	31/12/2021 <i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		6,765,865	5,729,026
Right-of-use assets		635,001	627,204
Freehold land		67,542	64,105
Investment properties		121,000	121,740
Term deposits		1,499,673	803,228
Deferred tax assets		123,651	114,480
Prepayments for acquisition of property, plant and equipment and freehold land		135,289	—
Prepayments		17,963	20,963
		9,365,984	7,480,746
CURRENT ASSETS			
Inventories		1,181,169	1,355,395
Financial assets at fair value through profit or loss ("FVTPL")		65,108	149,516
Trade, bills and other receivables	12	8,147,717	8,173,246
Tax recoverable		2,330	—
Term deposits		1,422,803	1,930,941
Bank balances and cash		824,867	712,365
		11,643,994	12,321,463
CURRENT LIABILITIES			
Trade, bills and other payables	13	5,285,936	5,777,411
Contract liabilities		57,275	44,847
Tax liabilities		103,748	30,015
Dividend payable		187,950	263,377
Borrowings - due within one year		5,739,331	4,789,478
Lease liabilities		251	595
Obligations arising from repurchase of shares		249,677	248,962
		11,624,168	11,154,685
NET CURRENT ASSETS		19,826	1,166,778
TOTAL ASSETS LESS CURRENT LIABILITIES		9,385,810	8,647,524
NON-CURRENT LIABILITIES			
Deferred tax liabilities		53,046	49,274
Borrowings - due after one year		1,152,500	760,000
Deferred income		255,702	226,713
Lease liabilities		779	899
		1,462,027	1,036,886
NET ASSETS		7,923,783	7,610,638

	31/12/2022 <i>RMB'000</i>	31/12/2021 <i>RMB'000</i>
CAPITAL AND RESERVES		
Share capital	163,218	163,218
Share premium and other reserves	5,701,296	5,536,632
	<hr/>	<hr/>
Equity attributable to owners of the Company	5,864,514	5,699,850
Non-controlling interests	2,059,269	1,910,788
	<hr/>	<hr/>
TOTAL EQUITY	7,923,783	7,610,638
	<hr/> <hr/>	<hr/> <hr/>

NOTES

1. GENERAL

Xingda International Holdings Limited (the "Company", and together with its subsidiaries, collectively referred to as the "Group") is a limited company incorporated in the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office of the Company is Cricket Square, Hutchins Drive, P. O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of its business is Xinghua City, Jiangsu Province, the People's Republic of China (the "PRC").

The consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company.

The Company is an investment holding company and its subsidiaries are engaged in the manufacture and trading of radial tire cords, bead wires and other wires.

2. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board ("IASB") for the first time, which are mandatorily effective for the annual periods beginning on 1 January 2022 for the preparation of the consolidated financial statements:

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendment to IFRS 16	Covid-19 - Related Rent Concessions beyond 30 June 2021
Amendments to IAS 16	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts - Cost of Fulfilling a Contract
Amendments to IFRSs	Annual Improvements to IFRSs 2018 - 2020

The application of the amendments to IFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and Amendments to IFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts ¹
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback ³
Amendments to IAS 1	Classification of Liabilities as Current or Non-current ³
Amendments to IAS 1	Non-current Liabilities with Covenants ³
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to IAS 8	Definition of Accounting Estimates ¹
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹

¹ Effective for annual periods beginning on or after 1 January 2023.

² Effective for annual periods beginning on or after a date to be determined.

³ Effective for annual periods beginning on or after 1 January 2024.

The directors of the Company anticipate that the application of all new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENT AND SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance (the "CO").

The consolidated financial statements have been prepared on the historical cost basis, except for certain properties and financial instruments that are measured at fair values at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

4. REVENUE AND SEGMENT INFORMATION

Revenue

(a) Disaggregation of revenue from contracts with customers

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

	Year ended 31/12/2022 RMB'000	Year ended 31/12/2021 RMB'000
Sale of products		
Radial tire cords		
- For trucks	5,209,375	5,494,653
- For passenger cars	4,056,017	3,524,852
Bead wires and other wires	1,546,636	1,625,805
	<hr/>	<hr/>
Total	10,812,028	10,645,310
	<hr/> <hr/>	<hr/> <hr/>
Timing of revenue recognition		
A point in time	10,812,028	10,645,310
	<hr/> <hr/>	<hr/> <hr/>

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

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

(b) Performance obligations for contracts with customers

The Group sells radial tire cords and wires to external customers in which the revenue is recognised when the control of the goods has transferred to the customers, mainly being when the goods are either picked up at site or free on board or delivered to the designated locations.

(c) Transaction price allocated to the remaining performance obligation for contracts with customers

All performance obligations for sale of radial tire cords, bead wires and other wires are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Segment information

The directors of the Company, 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 and other discrete financial information is available for the assessment of performance of the respective types of products. The directors of the Company 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 term deposits) by geographical locations of the assets set out as below:

	31/12/2022	31/12/2021
	<i>RMB'000</i>	<i>RMB'000</i>
The PRC	6,597,928	5,511,157
Thailand	1,144,732	1,051,881
	<hr/> 7,742,660 <hr/>	<hr/> 6,563,038 <hr/>

Geographical information

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

	Year ended	Year ended
	31/12/2022	31/12/2021
	<i>RMB'000</i>	<i>RMB'000</i>
The PRC (country of domicile)	6,939,808	7,714,006
India	493,196	526,271
Thailand	436,638	532,025
United States of America	367,978	249,786
Brazil	319,775	168,184
Slovakia	274,030	166,666
Korea	207,183	209,676
Others	1,773,420	1,078,696
	<hr/> 10,812,028 <hr/>	<hr/> 10,645,310 <hr/>

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

No customer contributes over 10% of the total revenue of the Group for the years ended 31 December 2022 and 2021.

5. OTHER INCOME AND OTHER EXPENSE

Other income

	Year ended 31/12/2022 <i>RMB'000</i>	Year ended 31/12/2021 <i>RMB'000</i>
Bank interest income	103,932	106,072
Sales of scrap materials	54,365	54,776
Sales of other materials	27,702	—
Rental income from investment properties	3,624	4,901
Service income	5,941	3,335
Sundry income	18,255	20,701
	<u>213,819</u>	<u>189,785</u>

Other expense

	Year ended 31/12/2022 <i>RMB'000</i>	Year ended 31/12/2021 <i>RMB'000</i>
Cost of sales of other materials	(24,885)	—
Expenses of service income	(2,584)	—
Expenses of sundry income	(6,327)	—
	<u>(33,796)</u>	<u>—</u>

6. OTHER GAINS AND LOSSES, NET

	Year ended 31/12/2022 <i>RMB'000</i>	Year ended 31/12/2021 <i>RMB'000</i>
Loss on change in fair value of financial assets at FVTPL	(8,129)	(14,228)
Loss on disposal and written-off of property, plant and equipment	(4,963)	(11,845)
Loss on fair value changes of investment properties	(740)	—
Net foreign exchange gain (loss)	163,008	(61,984)
Dividend income from financial assets at FVTPL	3,160	4,339
	<u>152,336</u>	<u>(83,718)</u>

7. FINANCE COSTS

	Year ended 31/12/2022 <i>RMB'000</i>	Year ended 31/12/2021 <i>RMB'000</i>
Interests on bank borrowings	217,687	146,216
Imputed interest on obligations arising from repurchase of shares	18,604	17,429
Bills receivable discounted	2,568	1,450
Interests on lease liabilities	45	79
Others	3,172	—
	<hr/>	<hr/>
	242,076	165,174
Less: interests capitalised in the cost of qualifying assets	(43,140)	(1,737)
	<hr/>	<hr/>
	198,936	163,437
	<hr/> <hr/>	<hr/> <hr/>

Borrowing costs capitalised during the year arose on a specific borrowing with interest rate of 4.83% (2021: on a specific borrowing with interest rate of 4.85%) per annum to expenditure on qualifying assets.

8. INCOME TAX EXPENSE

	Year ended 31/12/2022 <i>RMB'000</i>	Year ended 31/12/2021 <i>RMB'000</i>
Current tax	175,082	129,016
Overprovision in prior years	(8,296)	(3,294)
Withholding tax paid	25,039	20,950
Deferred tax	(5,399)	(34,636)
	<hr/>	<hr/>
	186,426	112,036
	<hr/> <hr/>	<hr/> <hr/>

The tax charge represents income tax in the PRC which is calculated at the prevailing tax 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 Regulations of the EIT Law, the tax rate of certain PRC subsidiaries is 25% for both years except for Jiangsu Xingda as further described below.

Following the renewal of the High-tech Enterprise Certificate (the "Certificate") issued on 30 November 2021, Jiangsu Xingda is entitled for the tax incentive as High-tech Enterprise and accordingly, enjoyed preferential tax rate of 15% till 2023.

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 years.

No provision for taxation in The Kingdom of Thailand ("Thailand") and The Grand Duchy of Luxembourg ("Luxembourg") has been made as the Group's subsidiaries in Thailand and Luxembourg have no assessable profit for both years.

9. PROFIT FOR THE YEAR

	Year ended 31/12/2022 <i>RMB'000</i>	Year ended 31/12/2021 <i>RMB'000</i>
Profit for the year has been arrived at after charging (crediting):		
Staff cost, including directors' remuneration		
Salaries, wages and other benefits (note)	803,172	821,022
Retirement benefits scheme contributions	95,918	83,394
Share-based payments	6,716	4,632
	<hr/>	<hr/>
Total staff costs	905,806	909,048
Less: capitalised in inventories	(570,896)	(575,417)
Less: included in research and development expenditure	(45,289)	(32,178)
	<hr/>	<hr/>
	289,621	301,453
	<hr/>	<hr/>
Auditor's remuneration	2,883	2,554
Cost of inventories recognised as an expense	8,480,896	8,580,412
Depreciation and amortisation		
- Property, plant and equipment	562,465	595,211
- Right-of-use assets	15,589	15,127
	<hr/>	<hr/>
Total depreciation and amortisation	578,054	610,338
Less: capitalised in inventories	(505,854)	(532,229)
Less: included in research and development expenditure	(13,580)	(12,085)
	<hr/>	<hr/>
	58,620	66,024
	<hr/>	<hr/>
Gross rental income from investment properties	(3,624)	(4,901)
Less: direct operating expenses incurred for investment properties that generated rental income during the year	428	781
	<hr/>	<hr/>
Rental income from investment properties, net	(3,196)	(4,120)
	<hr/>	<hr/>
Impairment loss recognised on property, plant and equipment (included in cost of sales)	71,360	—
	<hr/>	<hr/>

Note: During the year ended 31 December 2021, amount included staff housing benefits expenses of RMB1,400,000 which was arising from transfer of staff quarters previously accounted in property, plant and equipment to certain employees. No such transfer incurred during the year ended 31 December 2022.

10. DIVIDEND

	Year ended 31/12/2022 <i>RMB'000</i>	Year ended 31/12/2021 <i>RMB'000</i>
Dividend for ordinary shareholders of the Company recognised as distribution during the year:		
Final dividend paid in respect of the year ended 31 December 2021 – 15.0 HK cents per share (2021: final dividend paid in respect of the year ended 31 December 2020 – 15.0 HK cents per share)	203,882	202,861
Final dividend proposed, 15.0 HK cents (financial year ended 31 December 2021: 15.0 HK cents) per share	222,752	203,882

During the current year, a final dividend of 15.0 HK cents (2021: 15.0 HK cents) per ordinary share in an aggregate amount of RMB203,882,000 (2021: RMB202,861,000 with scrip alternatives) in respect of the year ended 31 December 2021 (2021: 31 December 2020) was approved at the annual general meeting of the Company held on 9 June 2022 (2021: 8 June 2021).

For the year ended 31 December 2021, these scrip alternatives were accepted by certain ordinary shareholders, as follows:

	Year ended 31/12/2021 <i>RMB'000</i>
Dividends:	
Cash	121,644
Ordinary share alternative	81,217
	<u>202,861</u>

Subsequent to the end of the reporting period, a final dividend for the year ended 31 December 2022 of 15.0 HK cents (2021: 15.0 HK cents) per ordinary share in an aggregate amount of approximately RMB222,752,000 (2021: RMB203,882,000) has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting.

11. 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:

	Year ended 31/12/2022	Year ended 31/12/2021
	<i>RMB'000</i>	<i>RMB'000</i>
<u>Profit for the year attributable to owners of the Company</u>		
Earnings for the purpose of basic and diluted earnings per share	348,391	218,855
	<hr/> <hr/>	<hr/> <hr/>
	Year ended 31/12/2022	Year ended 31/12/2021
	'000	'000
<u>Number of shares</u>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,659,529	1,626,009
Effect of dilutive potential ordinary shares in respect of outstanding share awards	9,102	10,532
	<hr/>	<hr/>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,668,631	1,636,541
	<hr/> <hr/>	<hr/> <hr/>

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

12. TRADE, BILLS AND OTHER RECEIVABLES

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

	31/12/2022	31/12/2021
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables - goods	3,194,017	3,099,584
Less: Allowance for credit losses	(55,828)	(53,113)
	3,138,189	3,046,471
Bills receivable	4,350,647	4,581,209
Less: Allowance for credit losses	(1,950)	(1,950)
	4,348,697	4,579,259
	7,486,886	7,625,730
Advances to suppliers of raw materials	522,456	258,801
Prepayments for spool	23,145	50,342
Value-add tax recoverable	88,451	188,644
Other receivables	19,313	30,763
Other prepayments	12,728	24,228
Less: Allowance for credit losses on other receivables	(5,262)	(5,262)
	660,831	547,516
	8,147,717	8,173,246

	31/12/2022	31/12/2021
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables		
0 - 90 days	2,218,549	2,418,187
91 - 120 days	333,150	257,567
121 - 180 days	321,402	176,649
181 - 360 days	261,400	176,893
Over 360 days	3,688	17,175
	3,138,189	3,046,471
Bills receivable		
0 - 90 days	278,447	493,510
91 - 180 days	1,313,346	1,527,692
181 - 360 days	2,292,295	2,234,464
Over 360 days	464,609	323,593
	4,348,697	4,579,259

13. TRADE, BILLS AND OTHER PAYABLES

	31/12/2022	31/12/2021
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	3,472,657	3,745,286
Bills payable	360,000	510,000
	3,832,657	4,255,286
Value-added tax payables and other tax payables	7,523	2,049
Accrued staff costs	300,446	294,858
Payables for purchase of property, plant and equipment	1,058,382	1,139,554
Accrued interest expense	6,184	7,000
Accrued expenses	55,087	48,778
Others	25,657	29,886
	1,453,279	1,522,125
	5,285,936	5,777,411

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

	31/12/2022	31/12/2021
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables		
0 - 90 days	650,047	1,868,108
91 - 180 days	1,170,817	1,104,223
181 - 360 days	1,544,298	690,845
Over 360 days	107,495	82,110
	3,472,657	3,745,286
Bills payable		
0 - 90 days	310,000	100,000
91 - 180 days	—	270,047
181 - 360 days	50,000	139,953
	360,000	510,000

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

14. EVENTS AFTER THE REPORTING PERIOD

On 9 January 2023, Jiaxing Jianxin Chenyue Equity Investment Enterprise (Limited Partnership) ("Jiaxing Jianxin Chenyue"), who held equity interests representing approximately 0.44% of the total issued capital of Jiangsu Xingda, entered into an equity transfer agreement with Xingda Xiu Yuan Hotel Co., Ltd. ("Xingda Xiu Yuan")*, a limited company controlled by a director of the Company, pursuant to which Xingda Xiu Yuan purchased all the aforesaid equity interests in Jiangsu Xingda held by Jiaxing Jianxin Chenyue (the "Relevant Transfer") at a consideration of RMB32,480,000, representing full consideration of its capital injection plus imputed interest at 8% per annum deducting all dividend (including tax) received from Jiangsu Xingda starting from the date of payment of share subscription.

Upon the completion of the Relevant Transfer, obligation arising from repurchases of shares to Jiaxing Jianxin Chenyue amounting to RMB32,480,000 is to be derecognised and Xingda Xiu Yuan became a non-controlling interests of the Group.

** For identification only*

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

During the year of 2022, the resurgence of the COVID-19 pandemic in China caused an impact on economic activities and disruption to logistics, which correspondingly led to the decline in production of radial tires and radial tire cords. According to China Rubber Industry Association data, the country's tire output in 2022 decreased by approximately 6.7% to approximately 667 million units, of which radial tires output decreased by 3.3% year-on-year to approximately 635 million units, and tire radialization rate increased to 95.2% (2021: approximately 94%). During the year, output of radial tires for trucks was approximately 124 million units, down by 11.4% against the same period last year and that for passenger cars totaled at approximately 511 million units, down by 1.2% year-on-year.

Under the impact of the epidemic, China's GDP in 2022 still recorded a growth by 3.0% to approximately RMB121 trillion, which lagged behind the growth target set at the beginning of the year, but still beat market expectations. The economy was also generally stable. Statistics from the Ministry of Public Security of the PRC revealed that, in the year under review, China's car parc increased by about 5.6% year-on-year to 320 million. The stable climb in car parc is expected to support demand in the domestic tire replacement market in the long run.

BUSINESS REVIEW

In 2022, with the Chinese economy affected by COVID-19 flare-ups, domestic demand for radial tire cords declined. However, demand in overseas markets maintained steady growth and benefited the Group's business. During the year, the Group recorded total sales volume of 1,054,700 tonnes, a decrease of 2.1% year-on-year, of which 834,800 tonnes were radial tire cords, 1.9% less year-on-year, accounting for 79.2% of the Group's total sales volume (2021: 79.0%). As for bead wires, 127,700 tonnes were sold, down 2.1%, making up 12.1% of the Group's total sales volume (2021: 12.1%). Sales volume of hose wires and other wires declined by 3.8% to 92,200 tonnes, accounting for 8.7% of the Group's total sales volume (2021: 8.9%).

By segment, due to the decrease in production and demand of radial tires for trucks as a result of slowing down domestic economic activities, the Group's sales volume of radial tire cords for trucks decreased by 6.8% year-on-year to 470,300 tonnes. As for overseas market demand especially on the radial tire cords for passenger cars, still kept the momentum, which led to the sales volume of radial tire cords for passenger cars climbed 5.1% year-on-year to 364,500 tonnes.

Sales Volume

	2022 <i>Tonnes</i>	2021 <i>Tonnes</i>	Change
Radial tire cords	834,800	851,400	-1.9%
- For trucks	470,300	504,600	-6.8%
- For passenger cars	364,500	346,800	+5.1%
Bead wires	127,700	130,400	-2.1%
Hose wires and other wires	92,200	95,800	-3.8%
Total	1,054,700	1,077,600	-2.1%

In China, the Group sold 575,300 tonnes of radial tire cords, 5.2% less during the year relative to the last corresponding period (2021: 607,000 tonnes), the main reason being the ongoing COVID-19 pandemic in China affecting the economic activities and the investment in infrastructure projects, and in turn production and sales of radial tires and auxiliary demand. Demand in overseas markets, however, was relatively strong. The Group sold 259,500 tonnes of radial tire cords, approximately 6.2% more, in 2022 (2021: 244,400 tonnes), mainly because of stable demand from overseas tire manufacturers. For the year, sales volume in the domestic and overseas markets constituted 68.9% and 31.1%, respectively, of the Group's total radial tire cords sales volume (2021: 71.3% and 28.7%).

As at 31 December 2022, the Group's annual production capacity of radial tire cords rose by 3.2% year-on-year to 972,100 tonnes. The Jiangsu factory and Shandong factory in particular saw their annual output capacity increased by 0.5% and 7.7% to 742,000 tonnes and 155,100 tonnes, respectively. As for the factory in Thailand, annual output capacity increased by 25.0% to 75,000 tonnes. The annual production capacity of bead wires, hose wires and other wires rose to 169,700 tonnes and 103,800 tonnes, respectively. Overall capacity utilization rate of the Group's plants in 2022 was 84.7% (2021: 92.2%).

	2022 Production Capacity (Tonnes)	2022 Utilization Rate	2021 Production Capacity (Tonnes)	2021 Utilization Rate
Radial tire cords	972,100	86.1%	942,000	93.5%
Bead wires	169,700	74.4%	166,500	80.1%
Hose wires and other wires	103,800	88.6%	98,500	98.7%
Overall	1,245,600	84.7%	1,207,000	92.2%

To bolster production capacity and enlarge its business footprint, the Group has continued to devote resources to enhance product research and development, reform product technology and provide customized radial tire cords to customers for meeting their needs. In 2022, Xingda developed 23 new radial tire cords and 15 new bead wires and other wires.

FINANCIAL REVIEW

Revenue

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

RMB in million

	2022	Proportion	2021	Proportion	Change
Radial tire cords	9,265.4	85.7%	9,019.5	84.7%	+2.7%
- For trucks	5,209.4	48.2%	5,494.6	51.6%	-5.2%
- For passenger cars	4,056.0	37.5%	3,524.9	33.1%	+15.1%
Bead wires	833.6	7.7%	869.7	8.2%	-4.2%
Hose wires and other wires	713.0	6.6%	756.1	7.1%	-5.7%
Total	10,812.0	100.0%	10,645.3	100.0%	+1.6%

During the year under review, the Group's revenue increased by 1.6% year-on-year to RMB10,812.0 million (2021: RMB10,645.3 million), mainly due to the rise in average selling prices of the Group's products and the increase in sales volume from overseas markets which largely offset the decline in domestic market demand and sales volume.

Gross profit and gross profit margin

The Group's gross profit increased by RMB208.6 million or 10.1% year-on-year to RMB2,273.5 million (2021: RMB2,064.9 million), with gross profit margin at 21.0% (2021: 19.4%), representing a year-on-year increase of 1.6 percentage points. This was mainly due to increase in the proportion of overseas sales of the Group's products which generally have higher gross profit margin and lower major raw materials average costs in 2022.

Other income

Other income increased by RMB24.0 million or 12.6% to RMB213.8 million (2021: RMB189.8 million), mainly due to the sales of other materials of RMB27.7 million (2021: nil) recorded in 2022.

Government grants

Government grants increased by RMB2.1 million or 10.2% to RMB22.7 million (2021: RMB20.6 million), due to an increase in subsidies from the local government in China in 2022.

Recognition of impairment losses under expected credit loss model

Recognition of impairment losses under expected credit loss model decreased by RMB5.0 million or 66.7% to RMB2.5 million in 2022 (2021: RMB7.5 million). Regarding the impairment losses of RMB2.5 million in 2022, it was due to the increase of impairment loss recognised on trade receivables under expected credit loss model as at 31 December 2022.

Other gains and losses, net

Other gains and losses, net increased by RMB236.0 million or 282.0% from net loss of RMB83.7 million in 2021 to net gain of RMB152.3 million in 2022. It was mainly due to the net foreign exchange gain of RMB163.0 million recorded in 2022 (2021: net foreign exchange loss of RMB62.0 million).

Distribution and selling expenses

Distribution and selling expenses increased by RMB61.7 million or 6.2% to RMB1,061.0 million (2021: RMB999.3 million), mainly due to the higher transportation and storage costs as well as agency fees under higher export sales volume.

Administrative expenses

Administrative expenses decreased by RMB11.2 million or 2.4% to RMB452.2 million (2021: RMB463.4 million), mainly due to lower consultancy and professional fees recorded in 2022.

Research and development expenditure

Research and development expenses increased by RMB30.4 million or 21.9% to RMB169.2 million (2021: RMB138.8 million), mainly because the Group had more new product research and development projects in 2022 and continued to invest more resources to boost production technique advancement.

Other expense

Other expense of RMB33.8 million (2021: nil) mainly includes the cost of other materials sold in 2022.

Finance costs

If the finance costs including the interests capitalised in the cost of qualifying assets, they would have been increased by RMB76.9 million or 46.5% to RMB242.1 million (2021: RMB165.2 million). The increase was mainly due to the rise of average balance of bank borrowings and effective interest rates on variable-rate borrowings.

Income tax expense

The Group's income tax expense increased by RMB74.4 million or 66.4% to RMB186.4 million (2021: RMB112.0 million), and with an effective tax rate of 25.0% (2021: 26.7%). The increase in income tax expense was mainly due to the current tax increased by RMB46.1 million or 35.7% to RMB175.1 million (2021: RMB129.0 million) due to higher assessable profits in 2022. If the withholding tax paid was excluded, the effective tax rate would become 21.7% (2021: 21.7%).

Net profit

Taking the above factors into account, the Group's net profit for the year ended 31 December 2022 increased by RMB251.2 million or 81.8% to RMB558.2 million (2021: RMB307.0 million).

LIQUIDITY, CAPITAL RESOURCES AND CAPITAL STRUCTURE

During the year, there was no significant change in the Group's funding and treasury policy. The principal source of liquidity and capital resources was the cash flow generated from operating activities and financing activities whereas the principal uses of cash were for the acquisition of property, plant and equipment and payment of dividends and income tax.

Bank balances and cash including bank deposits of the Group increased by RMB112.5 million or 15.8% from RMB712.4 million as at 31 December 2021 to RMB824.9 million as at 31 December 2022. The increase was mainly due to the cash generated from operating activities of RMB1,580.9 million and financing activities of RMB306.4 million respectively and the increase in cash under the effect of foreign exchange rate changes of RMB27.1 million exceeding the cash used in investing activities of RMB1,801.9 million.

Borrowings increased by RMB1,342.3 million or 24.2% to RMB6,891.8 million as at 31 December 2022 from RMB5,549.5 million as at 31 December 2021. The bank borrowings carry interest at fixed rates from 1.35% to 4.05% (2021: 0.60% to 4.85%) and variable rates at 2.20% above 1-month HIBOR and 0.25% to 1.00% above 1-year Loan Prime Rate (2021: 1-month HIBOR+2.2%).

As at 31 December 2022, the Group's current assets decreased by RMB677.5 million or 5.5% to RMB11,644.0 million (31 December 2021: RMB12,321.5 million). Current liabilities increased by RMB469.5 million or 4.2% to RMB11,624.2 million (31 December 2021: RMB11,154.7 million). The Group's current ratio (being defined as current assets over current liabilities) decreased to 1.00 times (31 December 2021: 1.10 times). The decrease was mainly caused by the increase in borrowings - due within one year and the decrease in term deposits included in the current assets. The gearing ratio (being defined as total debts to total assets) as at 31 December 2022 was 32.8% (31 December 2021: 28.0%).

FOREIGN EXCHANGE RISK

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

CAPITAL EXPENDITURE

For the year ended 31 December 2022, capital expenditure for property, plant and equipment amounted to RMB1,633.0 million (2021: RMB1,944.6 million).

CAPITAL COMMITMENTS

As at 31 December 2022, the Group had made a capital commitment of approximately RMB272.4 million for acquisition of property, plant and equipment contracted and freehold land for but not provided in the consolidated financial statements (31 December 2021: RMB360.0 million for acquisition of property, plant and equipment). The Group did not make any capital commitment for acquisition of property, plant and equipment authorised but not contracted as at 31 December 2022 and 31 December 2021. The capital commitment is expected to be met by the internal resources of the Group and borrowings.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 December 2022 and 31 December 2021.

PLEDGE OF ASSETS

As at 31 December 2022, bank borrowings were secured by pledged term deposits, leasehold lands and bills receivable of the Group amounting to RMB1,978.6 million, RMB199.9 million and RMB163.4 million, respectively (31 December 2021: secured by term deposits, leasehold lands and bills receivable amounting to RMB2,101.6 million, RMB204.0 million and RMB91.6 million, respectively).

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 Holdings Limited (formerly known as 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, amounted to approximately HK\$71.4 million. The shares held by Xingda accounted for 1.9% of the total issued shares of Prinx Chengshan as at 31 December 2022. Prinx Chengshan is a modern enterprise focusing on the research and development, manufacturing, sales of tires and the provision of tire full-life-cycle services, and a leading domestic manufacturer in the PRC’s commercial all steel radial tire replacement market. The above mentioned investment still exists and a loss on change in fair value of financial assets at fair value through profit or loss of RMB6.2 million was recorded during the year ended 31 December 2022 (2021: loss of RMB13.1 million). For the year ended 31 December 2022, the dividend income received from Prinx Chengshan was RMB1.9 million (2021: RMB1.9 million).

The fair value of the investment in Prinx Chengshan as at 31 December 2022 was RMB65.1 million (2021: RMB71.3 million). The above mentioned investment accounted for 0.3% and 0.4% of the total assets value of the Group as at 31 December 2022 and 31 December 2021 respectively.

On 4 March 2021, an agreement was entered into between Jiangsu Xingda, an indirect non-wholly owned subsidiary of the Company, and Guizhou Tyre Co., Ltd. (“Guizhou Tyre”) for the subscription by Jiangsu Xingda of 15,873,015 new A shares issued by Guizhou Tyre at RMB6.30 per share in cash under a non-public offer. The subscription monies of approximately RMB100.0 million were satisfied by internal resources of the Group.

In December 2021, Jiangsu Xingda sold 3,152,615 shares of Guizhou Tyre. In 2022, Jiangsu Xingda further sold all the remaining 12,720,400 shares of Guizhou Tyre. Guizhou Tyre is a joint stock limited company incorporated in the PRC principally engaged in the design, research and development, manufacture and sale of tires. The issued A shares of Guizhou Tyre are listed on the Shenzhen Stock Exchange (stock code: 000589). As at 31 December 2022, the above mentioned investment did not exist and a loss on disposal of financial assets at fair value through profit or loss of RMB1.9 million was recorded during the year ended 31 December 2022 (2021: loss on change in fair value of financial assets at fair value through profit or loss of RMB1.1 million). For the year ended 31 December 2022, the dividend income received from Guizhou Tyre was RMB1.3 million (2021: RMB2.4 million).

The fair value of the investment in Guizhou Tyre as at 31 December 2022 was nil (31 December 2021: RMB78.2 million). The above mentioned investment accounted for 0.4% of the total assets value of the Group as at 31 December 2021.

Save as disclosed above, the Group had no other significant investments as at 31 December 2022 and 31 December 2021 respectively.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Company had no material acquisitions and disposals in relation to its subsidiaries, associates and joint ventures during the years ended 31 December 2022 and 2021.

HUMAN RESOURCES

As at 31 December 2022, the Group had approximately 7,400 full time employees (31 December 2021: approximately 7,800). Total staff costs including directors' remuneration for the year ended 31 December 2022 was RMB905.8 million (2021: RMB909.0 million). Salaries are generally reviewed with reference to employees' merit, qualifications and competence. The calculation of bonuses was based on an evaluation of individual efforts and contributions to the financial performance of the Group. The Group also continues to provide training programs for staff to enhance their technical and product knowledge as well as awareness of industry quality standards.

In addition to salaries and bonuses, the Group also provides various benefits to employees through the Labor Union of Jiangsu Xingda ("Xingda Labor Union"). Each year, Jiangsu Xingda, Shandong Xingda Steel Tyre Cord Co., Ltd. ("Shandong Xingda") and Taizhou Xingda Specialized Wires Co., Ltd. ("Taizhou Xingda") contribute 2% of the total salary of staff ("Union Fee") to support operation of the Xingda Labor Union. The Union Fee, together with other funds obtained by the Xingda Labor Union are used to provide a variety of welfare benefits and services to employees of the Group, including provision of staff quarters which employees may choose to purchase. For the year ended 31 December 2022, the aggregate amount of Union Fees contributed by the Labour Union of Jiangsu Xingda, Shandong Xingda and Taizhou Xingda was RMB20.3 million (2021: RMB14.9 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. In 2019, 418,899 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. Meanwhile, 4,900,000 shares of the Company were purchased by the trustee on the public market, of which 1,075,824 shares were added to the Fourth Batch Shares and the remaining 3,824,176 shares as the Fifth Batch Shares (the “Fifth Batch Shares”). In 2020, 732,018 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 Fifth Batch Shares. In 2021, 665,471 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 Fifth Batch Shares. For the year ended 31 December 2021, 102,000 Fourth Batch Shares were unvested and added to the Fifth Batch Shares. As at 31 December 2022, the balance of the Fifth Batch Shares were 2,139,665 shares.

As at 31 December 2022, all the First Batch Shares, the Second Batch Shares, the Third Batch Shares, the Fourth Batch Shares and one-third of the Fifth Batch Shares have been vested with selected employees. The remaining 2,139,665 Fifth Batch Shares are expected to be vested with selected employees in the end of March 2024.

PROSPECTS

At the end of 2022, the Chinese government issued the "20 New Measures for Optimizing COVID-19 Response" (「二十條」) and "10 New Measures" (「新十條」). Active efforts have since been made by the government to promote work and production, keep the economic cycle smooth, drive recovery of market demand and strengthen international exchanges as countries worldwide reopen their borders. The Central Economic Work Conference held in December pointed out that despite the complex and harsh external environment and rising stagflation risk in the global economy, the basics China has for bracing long-term economic growth remained unchanged. It stressed the need to do well in stabilizing growth, employment and commodity prices in 2023. In light of infrastructure construction speeding up, financing for major projects increasing and logistics demand expected to recover, the Group remains cautiously optimistic about development of the radial tire cord industry.

Regarding growing domestic demand, new energy vehicles is a key industry mentioned at the Central Economic Work Conference and also one of those selected under the "Made in China 2025" (「中國製造2025」) policy that has seen the most significant development. According to China Association of Automobile Manufacturers forecast, nine million new energy vehicles will be sold in the country in 2023, a 35% increase year-on-year. With radial tires being the dominant choice in the market and new energy vehicles developing rapidly, radial tire cords will be presented with new opportunities. At the same time, raw materials and freight rates staying stable after coming down, are in favor of boosting overseas radial tire cord demands.

Looking forward, Xingda will keep a close eye on global economic development and adhere to the development principle of seeking steady progress. It will focus on improving product quality and research and development innovation and enhancing product competitiveness, so as to grasp opportunities in the recovering industry and expanding market, and fully explore domestic market potential while actively seizing overseas market share. In 2023, the Group will continue to draw on its advantages as an industry leader to steer new industry development and better meet the needs of consumers and market development.

DIVIDEND

The Board has recommended the payment of a final dividend of 15.0 HK cents (approximately RMB13.4 cents) per share for the financial year ended 31 December 2022. Subject to the approval by the shareholders of the Company at the forthcoming annual general meeting, the proposed final dividend will be paid on Friday, 4 August 2023 to the shareholders whose names appear on the register of members of the Company on Friday, 16 June 2023.

ANNUAL GENERAL MEETING

An annual general meeting of the Company will be held on Thursday, 8 June 2023, notice of which will be published and dispatched to the shareholders as soon as practicable in accordance with the Company's articles of association and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Saturday, 3 June 2023 to Thursday, 8 June 2023, both days inclusive, during which period no transfer of shares will be registered. In order to be entitled to attend and vote at the forthcoming annual general meeting to be held on Thursday, 8 June 2023, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong, for registration not later than 4:30 p.m. on Friday, 2 June 2023.

The proposed final dividend for the year ended 31 December 2022 is subject to the approval by the shareholders of the Company at the forthcoming annual general meeting to be held on Thursday, 8 June 2023. The register of members of the Company will be closed from Thursday, 15 June 2023 to Friday, 16 June 2023, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for receiving the final dividend, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 14 June 2023.

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 year ended 31 December 2022.

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 Corporate Governance Code contained in Appendix 14 of the Listing Rules throughout the year ended 31 December 2022, except for the following:-

Code provision C.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 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 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, the Company has received confirmations from all Directors that they have complied with the required standards set out in the Model Code during the year ended 31 December 2022.

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 inside information.

REVIEW OF FINANCIAL STATEMENTS

The Audit Committee and the management of the Company have reviewed the accounting principles and practices adopted by the Group, discussed auditing and financial reporting matters and have reviewed the audited annual results of the Group for the year ended 31 December 2022. In addition, the consolidated financial statements of the Group for the year ended 31 December 2022 have been audited by the Group's auditor, Messrs. Deloitte Touche Tohmatsu and an unqualified opinion report was issued.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year as approved by the Board on 31 March 2023. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

PROPOSED APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR AND MEMBER OF AUDIT COMMITTEE AND REMUNERATION AND MANAGEMENT DEVELOPMENT COMMITTEE

In accordance with the articles of association of the Company (the "Articles of Association"), upon the recommendation of the nomination committee of the Company, the Board proposes the appointment of Luo Tiejun ("Mr. Luo") as an independent non-executive Director, whose appointment will be considered and (if thought fit) approved at the forthcoming annual general meeting of the Company (the "AGM") and if approved, will then take immediate effect upon the conclusion of the AGM. Mr. Luo will also be appointed as a member of each of the Audit Committee and the Remuneration and Management Development Committee from the effective date of his appointment as an independent non-executive Director. The biographical background of Mr. Luo is as follows:

Mr. Luo (駱鐵軍), aged 64, served in various positions in the metallurgy industry between 1991 and 2008. He was the deputy Chief Economist of Wugang Group in 2008 to 2009. From April 2009 to March 2019, he joined the Ministry of Industry and Information Technology and served in various positions. He has acted as the Vice Chairman of China Iron & Steel Association since July 2019. The Board believes that he is able to exercise independent and professional judgement in relation to matters and affairs of the Company. He graduated with a master's degree in pressure processing of metals faculty from the University of Science and Technology Beijing in January 1991.

Save as disclosed herein, as at the date of this announcement, Mr. Luo (i) does not hold any position in the Company or members of the Group; (ii) does not have any interest in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong); (iii) does not hold any directorship in other listed companies in Hong Kong or overseas for the last three years; and (iv) does not have any relationship with any Directors, senior management, or substantial or controlling shareholders (as respectively defined in the Listing Rules) of the Company.

Subject to approval by the shareholders of the Company, Mr. Luo will enter into a letter of appointment with the Company for a term of three years commencing from the date on which the approval is obtained at the AGM, which shall continue thereafter, subject to termination by either party at any time by giving to the other not less than three months' prior written notice and he is subject to retirement by rotation and re-election at least once every three years at the annual general meeting of the Company in accordance with the provisions of the Articles of Association.

Mr. Luo will not receive any director's fee for acting as an independent non-executive Director. Mr. Luo will be entitled to reimbursement of reasonable out-of-pocket expenses properly incurred in connection with the performance of his duties under the letter of appointment or in connection with his office.

Save as disclosed above, there is no further information relating to the proposed appointment of Mr. Luo that needs to be disclosed pursuant to any of the requirements under Rule 13.51(2) of the Listing Rules and there are no other matters that need to be brought to the attention of the shareholders of the Company.

An ordinary resolution will be proposed at the AGM for the appointment of Mr. Luo as an independent non-executive Director. A circular of the AGM containing, among other things, further information in relation to the proposed appointment of Mr. Luo will be published and despatched to shareholders of the Company in due course.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the website of the Stock Exchange at www.hkex.com.hk and at the website of the Company at www.irasia.com/listco/hk/xingda/index.htm. The annual report of the Company for the year ended 31 December 2022 will be dispatched to the shareholders and made available on the above websites in due course.

APPRECIATION

The Board would like to express its gratitude to all employees for their diligence and contribution. At the same time, the Board is also thankful for the support it has from all the customers, suppliers and shareholders of the Group. The Group will continue to work as a team to push for more brilliant results in 2023.

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

Shanghai, the PRC, 31 March 2023

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