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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: 1899)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2007

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 2007 together with the comparative figures as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2007

		Six months ended 30 June	
		2007	2006
		(unaudited)	(audited)
	Notes	***RMB'000***	*RMB'000*
Revenue	3	**1,253,448**	1,155,339
Cost of sales		**(940,395)**	(819,920)
Gross profit		**313,053**	335,419
Other income		**46,993**	31,748
Government grants		**4,473**	1,990
Selling and distribution expenses		**(47,609)**	(40,815)
Administrative expenses		**(72,454)**	(63,490)
Finance costs		**(49,667)**	(42,631)
Loss on fair value adjustment on the convertible bonds		**(71,752)**	(27,444)
Profit before tax		**123,037**	194,777
Income tax expense	4	**(30,105)**	(17)
Profit for the period	5	**92,932**	194,760
Profit attributable to:			
Equity holders of the Company		**41,421**	124,912
Minority shareholders		**51,511**	69,848
		92,932	194,760
Dividend paid	6	**50,305**	18,627
Earnings per share	7		
Basic (RMB fen)		**3.22**	13.88
Diluted (RMB fen)		**3.22**	12.99

CONDENSED CONSOLIDATED BALANCE SHEET
As at 30 June 2007

	Notes	**As at 30 June 2007 (unaudited)** *RMB'000*	As at 31 December 2006 (audited) *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**2,028,085**	1,879,021
Land use rights		**116,540**	117,783
Available-for-sale investments		**500**	500
Deposits paid for purchase of property, plant and equipment		**23,390**	1,017
		2,168,515	1,998,321
CURRENT ASSETS			
Land use rights		**2,487**	2,487
Inventories		**288,236**	226,045
Trade and other receivables	8	**1,417,752**	1,573,895
Bank balances and cash		**1,324,565**	1,370,242
		3,033,040	3,172,669
CURRENT LIABILITIES			
Trade and other payables	9	**570,645**	454,139
Amounts due to directors		**325**	319
Amount due to a related company		**2,048**	607
Amounts due to minority shareholders		**13,765**	8,996
Dividend payables		**1,219**	-
Tax payable		**43,718**	24,541
Bank borrowings - due within one year		**1,058,000**	1,159,960
Convertible bonds		**4,397**	7,493
		1,694,117	1,656,055
NET CURRENT ASSETS		**1,338,923**	1,516,614
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,507,438**	3,514,935
NON-CURRENT LIABILITIES			
Bank borrowings - due after one year		**91,000**	200,000
Convertible bonds		**795,777**	741,791
Government grants		**28,090**	15,000
		914,867	956,791
NET ASSETS		**2,592,571**	2,558,144
CAPITAL AND RESERVES			
Share capital		**129,405**	129,405
Reserves		**1,767,526**	1,776,410
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		**1,896,931**	1,905,815
MINORITY INTERESTS		**695,640**	652,329
TOTAL EQUITY		**2,592,571**	2,558,144

NOTES TO FINANCIAL INFORMATION

1. Basis of preparation

The condensed interim consolidated 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 (the "Stock Exchange") and with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board (the "IASB").

2. Principal accounting policies

The condensed consolidated 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 condensed consolidated financial information are consistent with those followed in the preparation of the Group's financial statements for the year ended 31 December 2006.

In the current interim period, the Group has applied, for the first time, a number of new standards, amendments and interpretations ("new IFRSs") issued by the IASB and the International Financial Reporting Interpretations Committee (the "IFRIC") of the IASB that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2007. The adoption of these new IFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied the following new standards or interpretations that have been issued but are not yet effective.

IAS 23 (Revised)	Borrowing Costs[1]
IFRS 8	Operating Segments[1]
IFRIC - Int 11	IFRS 2: Group and Treasury Share Transactions[2]
IFRIC - Int 12	Service Concession Arrangements[3]
IFRIC - Int 13	Customer Loyalty Programmes[4]
IFRIC - Int 14	IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirement and their Interaction[3]

[1] Effective for annual periods beginning on or after 1 January 2009
[2] Effective for annual periods beginning on or after 1 March 2007
[3] Effective for annual periods beginning on or after 1 January 2008
[4] Effective for annual periods beginning on or after 1 July 2008

The directors of the Company anticipate that the application of these 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. Accordingly, no analyses by business segment and geographical areas of operations are provided.

4. Income tax expense

	Six months ended 30 June	
	2007	2006
	(unaudited)	(audited)
	RMB'000	RMB'000
The charge comprise:		
Current tax		
Current period	**30,105**	626
Overprovision in prior period	**-**	(609)
	30,105	17

The tax charge 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 consolidated financial information as the Group's profit neither arises in, nor is derived from, Hong Kong for both periods.

Jiangsu Xingda Steel Tyre Cord Co., Ltd. ("Jiangsu Xingda") became a sino-foreign joint venture upon becoming a subsidiary of Faith Maple International Ltd., a subsidiary of the Company, on 10 December 2004. 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 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 exempted from FEIT for the six months ended 30 June 2006 and a 50% tax relief for the six months ended 30 June 2007.

On 16 March 2007, the PRC promulgated the Law of the People's Republic of China on Enterprise Income Tax by Order No. 63 of the President of the PRC, which will unify the tax rate to 25% for both domestic and foreign investment enterprises from 1 January 2008. As a result, Jiangsu Xingda will be charged at a tax rate of 25% for the year ending 31 December 2010 after the expiration of 50% tax relief.

5. Profit for the period

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

	Six months ended 30 June	
	2007	2006
	(unaudited)	(audited)
	RMB'000	RMB'000
Depreciation of property plant and equipment	**86,023**	71,498
Amortisation of land use rights	**1,243**	1,243
Research and development expenditure	**10,209**	8,413
Transaction costs in respect of issue of the convertible bonds	**-**	629
Exchange loss (gain)	**18,529**	(6,131)
Gain on disposal of property, plant and equipment	**(72)**	-

6. Dividend paid

	Six months ended 30 June	
	2007	2006
	(unaudited)	(audited)
	RMB'000	RMB'000
Interim dividend paid for 2005 – US$232.96 per share	**-**	18,627
Final dividend paid for 2006 - HK 4 cents per share	**50,305**	-
	50,305	18,627

7. Earnings per share

The calculation of the basic earnings per share for the period is based on the profit attributable to the equity holders of the Company for the period and by reference to 1,286,000,000 shares in issue (2006: 900,000,000).

There is no diluted effect on earnings per share for the six months ended 30 June 2007 as assuming the conversion of the Company's outstanding convertible bonds would result in an increase in earnings per share for the period.

The diluted earnings per share for the six months ended 30 June 2006 has been calculated based on the profit attributable to the equity holders of the Company for the period after adjustment related to convertible bonds for the purposes of diluted earnings per share of approximately RMB146,254,000 and by reference to the weighted average number of 1,125,562,842 shares which represents average number of 900,000,000 shares for the purposes of basic earnings per share plus the effect of dilutive potential ordinary shares of 225,562,842 shares attributable to the convertible bonds.

8. Trade and other receivables

The Group allows an average credit period of 90 days to its trade customers.

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

	As at 30 June 2007 (unaudited)	As at 31 December 2006 (audited)
	RMB'000	*RMB'000*
0 - 90 days	**693,563**	632,378
91 - 180 days	**165,132**	236,585
181 - 360 days	**129,583**	54,528
Over 360 days	**12,788**	6,082
	1,001,066	929,573
Less: Accumulated impairment losses	**(6,082)**	(6,082)
	994,984	923,491

9. Trade and other payables

The following is an aged analysis of trade payables at the balance sheet dates:

	As at 30 June 2007 (unaudited) ***RMB'000***	As at 31 December 2006 (audited) *RMB'000*
0 - 90 days	**190,808**	146,334
91 - 180 days	**20,633**	18,224
181 - 360 days	**6,945**	5,427
Over 360 days	**5,732**	9,071
	224,118	179,056

MANAGEMENT DISCUSSION AND ANALYSIS

During the first half of 2007, the Group maintained its market leading position and continued to be the largest manufacturer of radial tire cords in China, offering quality radial tire cords and bead wires to renowned global and domestic tire manufacturers.

During the period under review, the Group's sales volume grew steadily having reached a 8.5% year-on-year growth on turnover reaching RMB1,253.4 million. Facing keen market competition during the period, selling prices of the Group's radial tire cords were inevitably lowered to maintain the market share in the domestic market, which eroded the Group's gross profit margin. Nevertheless, the Group has actively strengthened cost control on raw materials which partially offset the adverse effect brought by the price drop of radial tire cords, thus, the gross profit was declined by 6.7% to RMB313.1 million compared to the same period of last year.

Profit attributable to equity holders of the Company for the period ended 30 June 2007 amounted to RMB41.4 million, representing a decrease of RMB83.5 million, or 66.8%, from RMB124.9 million for the first half of 2006. Without having considered loss resulting from the fair value adjustment on the convertible bonds and exchange difference arising from non-operating activities, the profit attributable to equity holders of the Company would be RMB130.0 million, being a decrease of RMB16.2 million, or 11.1%, from RMB146.2 million for the same period of last year.

The Company continues its business focus on manufacture and distribution of radial tire cords and bead wires. To cope with its expansion strategies, the Company's wholly-owned subsidiary Faith Maple International Ltd. ("Faith Maple"), and its indirect non wholly-owned subsidiary Jiangsu Xingda, entered into a joint venture contract in June 2007 to establish a joint venture company, Jiangsu Xingda Special Cord Co., Ltd. ("Xingda Special Cord"), in China. Faith Maple and Jiangsu Xingda hold 90% and 10% of the equity interests in the Xingda Special Cord respectively. With the support of Jiangsu Xingda's production facilities and technicians, Xingda Special Cord fully devotes in the business of manufacturing and distributing radial tire cords and bead wires. We believe that Xingda Special Cord will bring economic benefits to the Group and will allow the Company to capture more profits in the long run.

BUSINESS REVIEW

During the first half of 2007, the total sales volume of the Group has a 20.4% growth, increased by 17,900 tonnes, from 87,800 tonnes for the six months ended 30 June 2006 to 105,700 tonnes for the six months ended 30 June 2007. The Group focused its sales on higher-margin product, radial tire cords, with its sales volume recorded year-on-year increment of 17.9% to 88,500 tonnes, accounting for 83.7% of the Group's total sales volume (first half of 2006: 85.5%). The sales volume of bead wires increased by 35.8% to 17,200 tonnes, accounting for 16.3% of the Group's total sales volume (first half of 2006: 14.5%).

During the six months period ended 30 June 2007, sales volume of radial tire cords for passenger car increased significantly by 30.8% to 16,900 tonnes when compared to the corresponding period in 2006. Sales volume of radial tire cords for truck increased by 15.2% to 71,600 tonnes. The sales volume of radial tire cords for passenger car and for truck accounted for 19.1% and 80.9% of the Group's total radial tire cord sales volume respectively (first half of 2006: 17.2% and 82.8% respectively).

Since 2006, the Group has devoted efforts to reduce raw materials costs by using more domestic steel wire rods which are of lower cost than the imported steel wire rods. The Group also established solid relationship with suppliers to secure stable price of steel wire rods. During the period under review, the Group's cost of steel wire rods accounted for 53.5% of the total cost of sales (first half of 2006: 54.4%). The drop in cost proportion of steel wire rods was the result of increasing use of domestic steel wire rods and decreasing unit costs.

With the completion of the Phase I of the Group's No. 8 Factory, production capacity of radial tire cords reached 218,200 tonnes by the end of 30 June 2007, representing an increase of 12.4% compared with the production capacity as at the end of 2006. The production capacity of bead wires remained unchanged throughout the period. The overall utilization rate increased from 76% in the first half of 2006 to 80% in the first half of 2007.

During the first half of 2007, the Group successfully developed 18 new types of radial tire cords and 7 new types of bead wires. As at the end of June 2007, the Group offered a wide range of products including 64 types of radial tire cords and 25 types of bead wires to the customers. Moreover, leveraging on the existing technical centre and the new product research centre, the Group has been actively researching on the latest technologies, and developing and improving production equipment.

FINANCIAL REVIEW

Revenue

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

	Six months ended 30 June				
RMB in million	**2007**	**Proportion (%)**	2006	Proportion (%)	Change
Radial Tire Cord	**1,163**	**93**	1,085	94	78
- ***For Truck***	***974***	***78***	*929*	*80*	*45*
- ***For Passenger Car***	***189***	***15***	*156*	*14*	*33*
Bead Wire	**90**	**7**	70	6	20
Total	**1,253**	**100**	1,155	100	98

China remained the Group's major market in the first half of 2007. In view of the increasing demand in radial tire cords in the PRC, the Group continued to focus on domestic market which boosted the Group's revenue. The Group's total revenue increased by RMB98.1 million, or 8.5%, from RMB1,155.3 million for the first half of 2006 to RMB1,253.4 million for the first half of 2007.

Gross profit and gross profit margin

Due to the pricing competition which led to decline in average selling price of the radial tire cords, the overall gross profit margin decreased from 29.0% for the first half of 2006 to 25.0% for the first half of 2007, while gross profit dropped by RMB22.3 million, or 6.7%, from RMB335.4 million to RMB313.1 million for the six months ended 30 June 2007.

Other income and government grant

Other income increased by RMB15.2 million, or 48.0%, to RMB47.0 million for the first half of 2007 when compared to the corresponding period in 2006. The increase was mainly due to the increase in bank interest income arising from the unused proceeds from the initial public offering which were deposited as short term deposits in banks. Government grant increased by RMB2.5 million, or 125.0%, from RMB2.0 million for the first half of 2006 to RMB4.5 million for the first half of 2007. The increment was mainly due to increase in incentive subsidies received from the local government during the period under review.

Operating expenses

There was an increment of 16.7% for the selling and distribution expenses increasing from RMB40.8 million for the first half of 2006 to RMB47.6 million for the first half of 2007. The increase was mainly caused by the rise in transportation cost brought by the growth in sales volume. When compared to the corresponding period of last year, administrative expenses increased by RMB9.0 million for the first half of 2007. Such an increment was mainly due to the exchange loss of RMB18.6 million recorded during the period under review.

Finance costs

Finance costs increased by RMB7.0 million, or 16.4%, in the first half of 2007 when compared to RMB42.6 million for the same period of 2006. The increase was mainly contributed by the increase in interest rate of the bank borrowings wholly repayable within five years as well as the increase in interest on note receivables discounted.

Fair value adjustment on convertible bonds

The Company issued convertible bonds of principal amount of US$30.4 million, US$19.7 million and US$3.9 million (the “Convertible Bonds”) on 7 May 2005, 29 December 2005 and 18 January 2006 respectively at a coupon rate of 1% per annum and a maturity of three years from the 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 price of the shares, the volatility of the market where the Company ‘s shares are listed and the time to maturity of the Convertible Bonds.

The loss on fair value adjustment on the Convertible Bonds was RMB71.8 million for the first half of 2007 which represented an increase of RMB44.4 million, or 162.0% compared to the loss of RMB27.4 million for the corresponding period of 2006. The loss for the first half of 2007 was mainly contributed by the rise in market price of the Company’s shares from HK$3.18 per share as at 29 December 2006 (the last trading day for the year ended 31 December 2006) when compared to HK$3.42 per share as at 29 June 2007 (the last trading day for the period under review).

Income tax

Due to the expiration of the tax holiday of the major operating subsidiary on 1 January 2007, the Group had an income tax charge of RMB30.1 million with an effective tax rate of 24.5% reflecting a tax rate of 15% levied on the taxable income of the major operating subsidiary partially offset by the loss on fair value adjustment on the convertible bonds which was non-deductible under relevant tax rules.

Net profit

Taking all the above factors into account, the Group’s net profit for the period ended 30 June 2007 amounted to RMB92.9 million, representing a decline of RMB101.8 million, or 52.3%, from RMB194.8 million for the corresponding period of last year. Should the loss on fair value adjustment on the convertible bonds and exchange difference arising from non-operating activities be excluded, the adjusted net profit for the six months ended 30 June 2007 would be RMB181.5 million, representing a decrease of RMB34.5 million, or 16.0% when compared to RMB216.1 million of the same period in last year.

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

	Six months ended 30 June	
	2007	2006
	RMB'000	*RMB'000*
Profit for the period	**92,932**	194,760
Loss on fair value adjustment on the convertible bonds (note)	**71,752**	27,444
Exchange loss (gain) arising from non-operating activities	**16,862**	(6,131)
Underlying profit for the period	**181,546**	216,073
Underlying profit for the period attributable to:		
Equity holders of the Company	**130,035**	146,225
Minority shareholders	**51,511**	69,848
	181,546	216,073

Note: Loss on fair value adjustment on the convertible bonds represents the change in the fair value of the convertible bonds calculated by an independent and recognized international business valuer. The impact of the change in fair value of the convertible bonds is not considered to be arising from the ordinary course of business of the Group.

LIQUIDITY, CAPITAL RESOURCES AND CAPITAL STRUCTURE

The principal sources of liquidity and capital resources have been 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 slightly by RMB45.6 million from RMB1,370.2 million as at 31 December 2006 to RMB1,324.6 million as at 30 June 2007. The decrease was due to the net cash used in investing activities of RMB205.7 million which was mainly applied for the expansion of production capacity and the net cash used in financing activities of RMB302.7 million which was mainly due to the repayment of bank borrowings, partially offset by the net cash generated from operating activities of RMB462.8 million.

Bank borrowings decreased by RMB211.0 million, or 15.5% from RMB1,360.0 million as at 31 December 2006 to RMB1,149.0 million as at 30 June 2007. The bank borrowings carry interest at market rates from 5.67% to 6.93% and are repayable either within one year or on maturity in 2009.

The Group’s current assets dropped by 4.4% from RMB3,172.7 million as at 31 December 2006 to RMB3,033.0 million as at 30 June 2007 whereas Group’s current liabilities increased slightly by 2.3% from RMB1,656.1 million as at 31 December 2006 to RMB1,694.1 million as at 30 June 2007. The Group’s current ratio (being defined as current assets over current liabilities) decreased from 1.92 times as at 31 December 2006 to 1.79 times as at 30 June 2007. The decrease was mainly attributable to the decrease in trade and other receivables. The gearing ratio which is measured by total debts (bank borrowings and Convertible Bonds) to total assets decreased from 41% as at 31 December 2006 to 37% as at 30 June 2007 due to the decrease in bank borrowings.

CONVERTIBLE BONDS

In May 2005, the Company issued the first tranche of Convertible Bonds to Tetrad Ventures Pte Ltd. (“Tetrad”) and Henda Limited (“Henda”) for an aggregate principal amount of US$30.4 million (approximately RMB231.5 million). Subject to adjustment clause, the Convertible Bonds are convertible at approximately HK$1.853 (approximately RMB1.805) per ordinary share of the Company (“Share”). Should the holders of the Convertible Bonds opt not to convert the Convertible Bonds, the Company will be required to redeem the Convertible Bonds in May 2008. Additionally, in December 2005 and January 2006, Tetrad and Henda subscribed for the second tranche of Convertible Bonds for an aggregate principal amount of US$23.6 million (approximately RMB179.7 million), which will be repayable in December 2008 and January 2009. Such second tranche of Convertible Bonds is also convertible at approximately HK$1.853 (approximately RMB1.805) per Share. On 13 September 2006, Tetrad transferred to Goldman Sachs Strategic Investments (Asia) L.L.C. ("GSSIA") Convertible Bonds in the aggregate principal amount of approximately US$5.3 million (approximately RMB40.4 million).

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

During the six months ended 30 June 2007, the Company paid the holders of the Convertible Bonds interest of US$343,333 (approximately RMB2.6 million) (first half of 2006: US$304,000 or RMB2.4 million).

On 5 July 2007, the Company received a conversion notice served by Tetrad, electing to convert a principal amount of US$19,871,471 of the first tranche of convertible bond issued by the Company to Tetrad ("First Tranche Tetrad Bond") into Shares at a conversion price of HK$1.853 per Share pursuant to the conditions of the First Tranche Tetrad Bond. Immediately following the allotment and issue of the Shares pursuant to the said conversion, Tetrad holds 83,628,471 Shares, representing approximately 6.5% of the issued share capital of the Company immediately prior to such conversion and approximately 6.1% of the enlarged issued share capital of the Company immediately following to such conversion.

On 26 July 2007, the Company received a conversion notice served by Henda, electing to convert a principal amount of US$4,500,000 of the first tranche of convertible bond issued by the Company to Henda ("First Tranche Henda Bond") into Shares at a conversion price of HK$1.853 per Share pursuant to the conditions of the First Tranche Henda Bond. Immediately following the allotment and issue of the Shares pursuant to the said conversion, Henda holds 18,938,111 Shares, representing approximately 1.38% of the issued share capital of the Company immediately prior to such conversion and approximately 1.36% of the enlarged issued share capital of the Company immediately following to such conversion.

The outstanding principal of the Convertible Bonds has been reduced from US$54.0 million to approximately US$29.6 million upon the allotment of Shares pursuant to the conversions mentioned above.

CAPITAL COMMITMENTS

As at 30 June 2007, the Group had capital commitment in respect of acquisition of property, plant and equipment contracted for but not provided in the financial statements of approximately RMB269.4 million (31 December 2006: RMB85.5 million).

CONTINGENT LIABILITIES

At as 30 June 2007, save for the contingent monetary liability of up to RMB6.0 million as disclosed below, the Group did not have any material contingent liabilities and guarantees. No provision has been recognized at 31 December 2006 and 30 June 2007 as the Directors concur with the legal opinion that the chance of being liable for repaying RMB6.0 million is remote.

This contingent liability relates to the dividend of RMB6.0 million declared and paid by Jiangsu Xingda to Jiangsu Xing Hong Da Industrial Co., Ltd. ("Xing Hong Da") which is a minority shareholder of Jiangsu Xingda for the year ended 31 December 2004. Given that Xing Hong Da's shareholding in Jiangsu Xingda has been frozen by the The Shanghai Second Intermediate People's Court 上海市第二中級人民法院 (the "Court") (the "Injunction Order") since 1 September 2004 and according to the 最高人民法院關於人民法院執行工作若干問題的規定 (Provisions of Supreme People's Court on Several Issues Concerning the Enforcement by People's Courts) ("Trial Implementation Provisions"), such dividend payment by Jiangsu Xingda to Xing Hong Da was prohibited. The Group was advised by the PRC legal advisors that the legal consequence on the Group in connection with this dividend payment is confined to a potential monetary liability of up to RMB6.0 million. The controlling shareholders have agreed to indemnify Jiangsu Xingda in respect of any losses and damages which it may incur in relation to such breach of the Trial Implementation Provisions.

The Court has subsequently released the Injunction Order on 8 August 2007. Consequently, the Group has no contingent liability regarding the payment of such dividends since then.

FOREIGN EXCHANGE RISK

The Group's sales were principally denominated in Renminbi and US dollars whereas purchases were also transacted mainly in the same currencies. The amount received from sales in US dollars had been fully utilized for the payments settled in US dollars. Thus, the appreciation of Renminbi in the first half of 2007 did not bring material effect on the Group's operations. Since all of the Group's assets and liabilities are denominated in Renminbi, US dollars and HK dollars, no material foreign exposure is expected. The Group did not engage in any instrument to hedge against the foreign exchange risk.

HUMAN RESOURCES

As at 30 June 2007, the Group had approximately 6,000 (31 December 2006: approximately 5,800) full time employees and most of them were based in the PRC. The total staff costs including directors' remuneration for the six months ended 30 June 2007 was approximately RMB91.8 million (first half of 2006: approximately RMB88.6 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 programs for staff to enhance technical and product knowledge as well as knowledge of industry quality standards.

PROSPECTS

Leveraging on the rapid growth of automobile industry in China, the Group will further fasten the expansion pace of its No. 8 Factory to boost annual production capacity of high performance radial tire cords by 30,000 to 40,000 tonnes yearly in the coming four years. The Group will continue to strengthen its quality control and enhance its competitiveness by acquiring top-notch testing equipment. The Company committed to allocate more resources in research and development on new products and production craftsmanship to meet customers' need. At the same time, the Group will continue to explore opportunities in both local and overseas markets, aiming at becoming approved suppliers of more PRC's and global renowned tire manufacturers.

To maintain a more competitive cost structure, the Group will continue to source a higher portion local steel wire rods and will further look for long term contracts with major suppliers to secure an even more stable price of steel wire rods. Looking forward, the Group will continue to execute its organic expansion and acquisition strategies to speed up the Company's growth. We are confident in the future development of the Company and believe that the Group will further consolidate its leading position in domestic market and increase the share in global market, moving ever closer to be one of the global largest radial tire cords suppliers.

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 2007.

An interim dividend of US$232.96 per share amounting to US$2.3 million (equivalent to approximately RMB18.6 million) was paid to the then shareholders of the Company for the six months ended 30 June 2006 prior to the listing of the Company on the Stock Exchange.

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 2007, 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 reason of such deviation is set out in the Corporate Governance Report in the annual report of the Company for the year ended 31 December 2006.

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 2007.

REVIEW OF INTERIM RESULTS BY AUDIT COMMITTEE

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 2007.

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

Shanghai, the PRC, 5 September 2007

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.