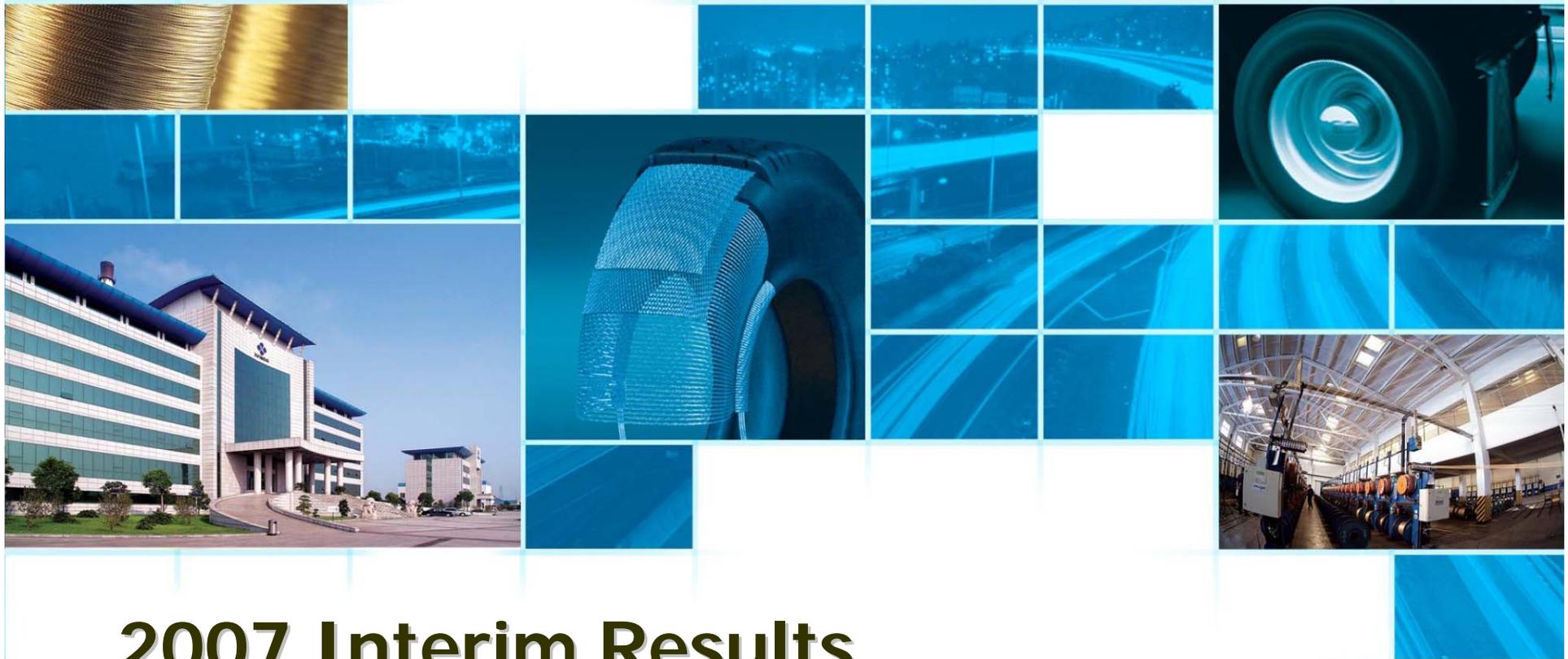




**XINGDA INTERNATIONAL HOLDINGS LIMITED**  
**興達國際控股有限公司**  
(HKEx stock code: 1899)



# **2007 Interim Results**

## **Corporate Presentation**

September 2007

# Disclaimer

The materials included herein are qualified in their entirety by and should be read in conjunction with, the more detailed information, risk factors and financial statements, including the notes thereto, contained in the prospectus dated 8 December 2006, the annual report for the year ended 31 December 2006 and the interim report for the six months ended 30 June 2007 of Xingda International Holdings Limited (the "Company").

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# Agenda

- ❖ Financial Review
- ❖ Business Overview
- ❖ Outlook & Strategies



# Financial Review

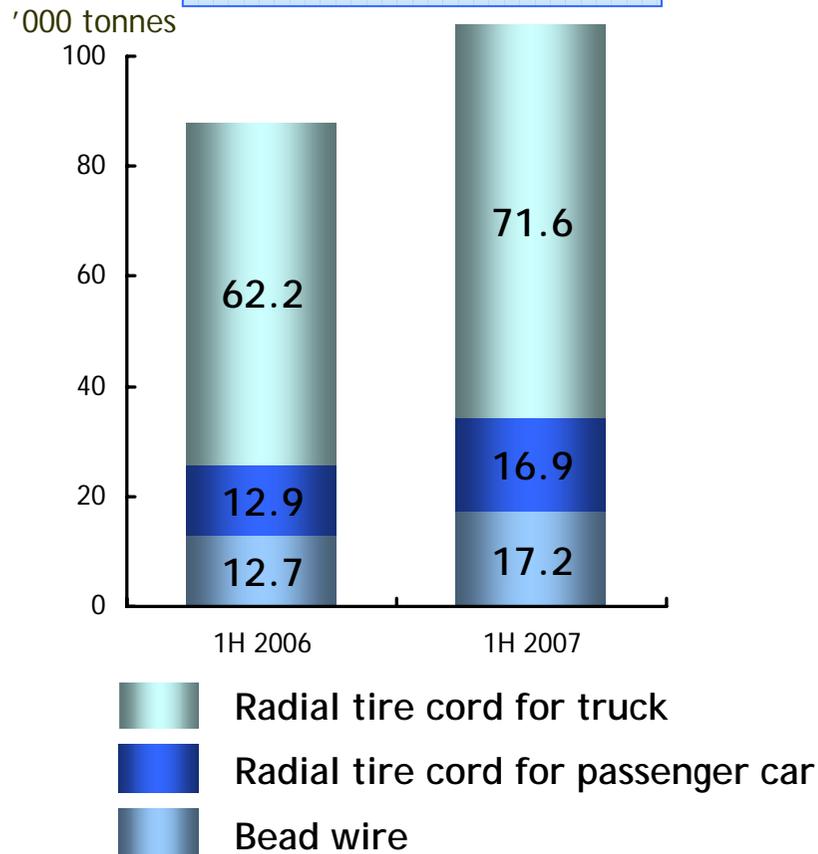
# Financial Highlights

<i>RMB'million</i>	For the six months ended		Change
	30 June		
	2006	2007	
Revenue	1,155	1,253	+ 8.5%
Gross profit	335	313	- 6.6%
Gross profit margin	29.0%	25.0%	- 4 % pts
Profit attributable to equity holders of the Company	125	41	- 67.2%
Basic EPS ( <i>RMB fen</i> )	13.88	3.22	- 76.8%
Profit attributable to equity holders of the Company BEFORE CB adjustment and FX	146	130	- 11.0%

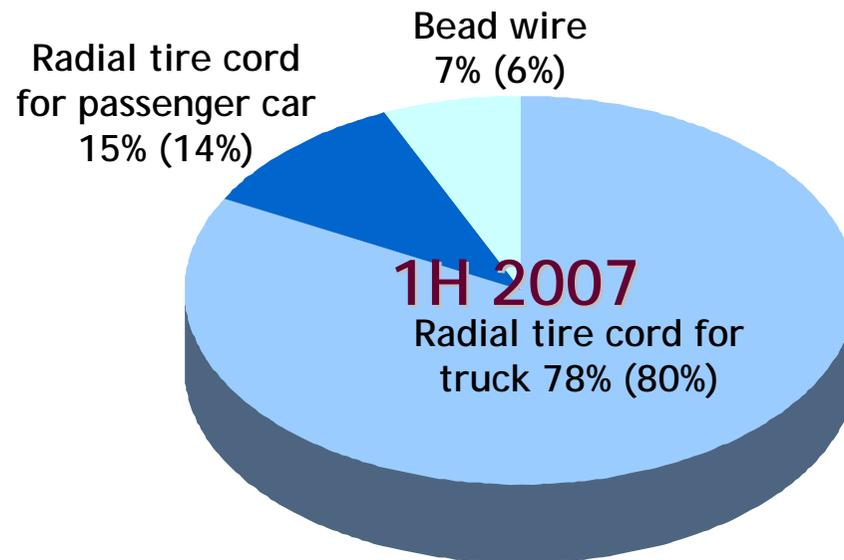
# Revenue Analysis



Shipment by product



Revenue by product

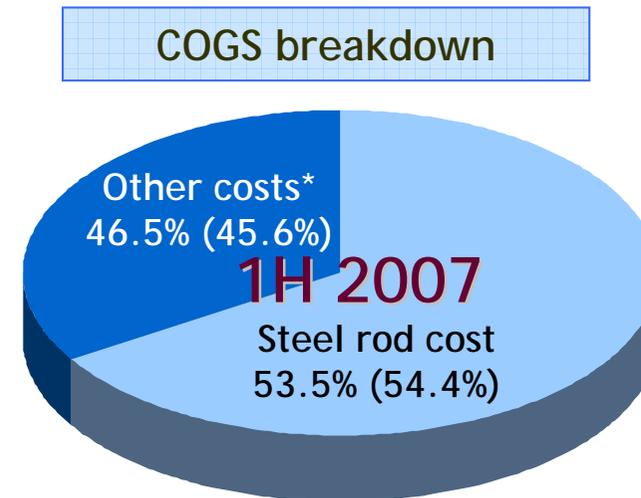


*Figures of 1H2006 in brackets*

*For the six months ended 30 June*

# Cost of Sales

- ❖ Raw material accounted for 68.8% of the total COS (1H 06: 71.0%)
- ❖ Drop of steel rod cost to total COS due to
  - ❖ Increasing use of local steel rod to enjoy a lower unit price
  - ❖ Lowered unit price for both local and imported steel rod
  - ❖ Strengthened relationship with suppliers to secure stable steel rod price



*For the six months ended 30 June*

*\*Other costs include other raw materials, depreciation, labor, electricity and other costs*

# Key Figures

	As at 31 Dec 06	As at 30 Jun 07
Cash on hand (HK\$ 'mil)	1,370	1,325
Current ratio (times)	1.92	1.79
Trade receivable turnover days*	115 days	125 days
Trade payable turnover days	37 days	44 days
Inventory turnover days	46 days	56 days
Net debt to equity (%)	38.8%	32.9%

*\*Adjusted for the value-added tax effect*

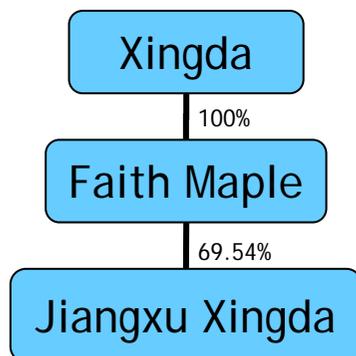


# Business Overview

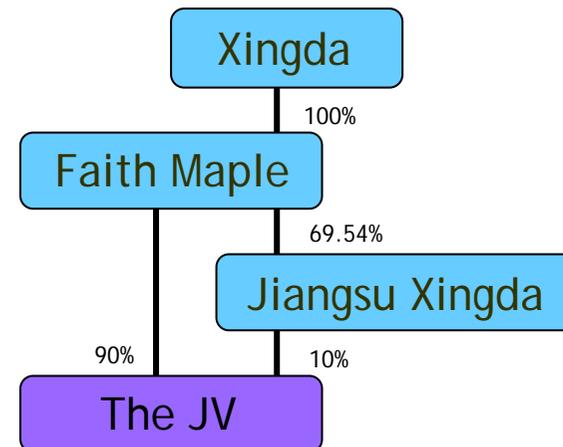
# Corporate Development

- ❖ Established a joint venture company, Jiangsu Xingda Special Cord Co., Ltd.\* (江苏兴达特种金属复合线有限公司) in the PRC in June 2007
  - ❖ Focuses on manufacture and distribution of radial tire cords and bead wires
  - ❖ Brings in economic benefits and long-term profit

## Before Establishment of the JV



## After Establishment of the JV

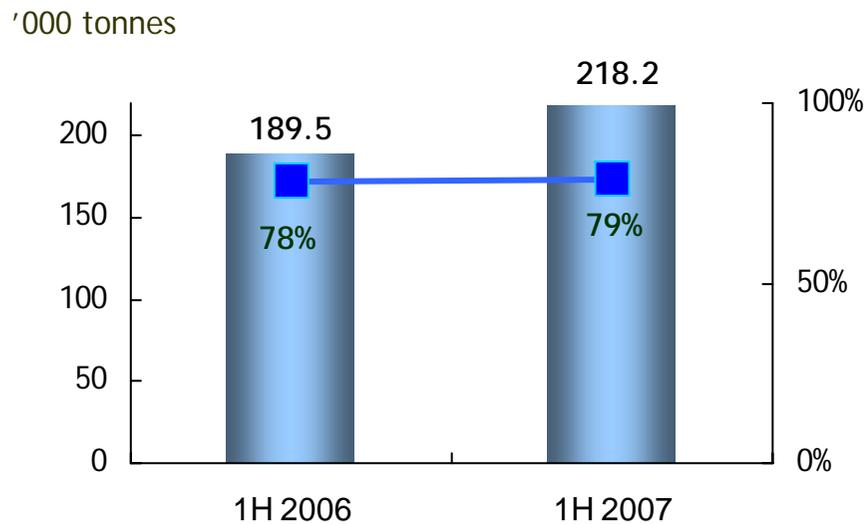


\* Denotes the English translation of a Chinese name

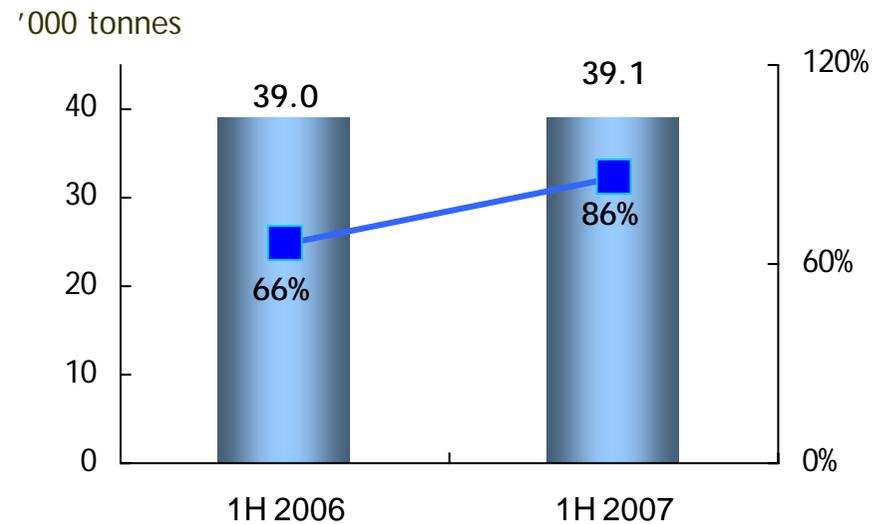
# Increasing Capacity

- ❖ Completion of the Phase I of No. 8 Factory boosted production capacity of radial tire cords

Radial tire cords  
capacity & utilization rate



Bead wires  
capacity & utilization rate



*For the six months ended 30 June*

# Enhancing R&D

- ❖ Operates a technical centre and a new product development centre
- ❖ Developed 18 new types of radial tire cords and 7 new types of bead wires
- ❖ Capable to produce 64 types of radial tire cords and 25 types of bead wires
- ❖ Proven leading technology with numerous industry awards



\* Denotes an English translation of a Chinese name

# Repurchase of Shares

- ❖ Granted the power to repurchase the Company's shares with an aggregate nominal amount not exceeding 10 per cent (i.e. 128,600,000 shares) at reasonable price, aim to:
  - ❖ Enhance the return on equity
  - ❖ Achieve the best interests of shareholders
- ❖ Prudent strategies to exercise the power
  - ❖ Ensure no material adverse effect on the working capital
  - ❖ Secure a healthy gearing levels

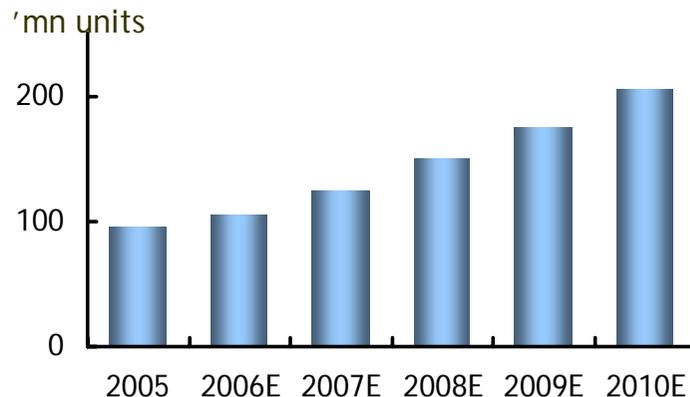


# Outlook & Strategies

# Industry Outlook

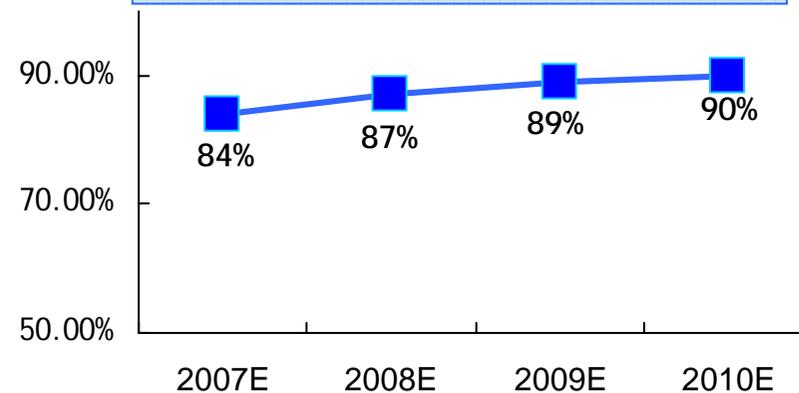
- ❖ According to China's development plans on expressway, vehicle and transportation, in 2010, in China
  - ❖ Expressway will reach 55,000 kilometers
  - ❖ Number of vehicle in use will surge to 6.2 million units
  - ❖ Demand for tire will increase to 300 million units with radial tire amounting to 210 million units

China's auto tire exports estimated to grow at a 18% CAGR from 2005-2010E



Source: China Custom, Rubber Industry Association, Gao Hua Securities Research

Estimated radialization in China's auto tire industry



Source: China Rubber Industry Association, Gao Hua Securities Research

# Precise Strategies

## ❖ Organic expansion

- ❖ Fasten expansion of No. 8 Factory
- ❖ Offer additional 30,000-40,000 tonnes each year in the coming 4 years
- ❖ Boost production capacity by 150,000 tonnes in total

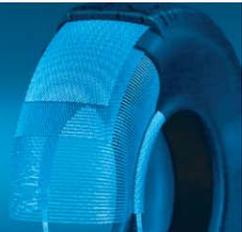
## ❖ Seek for acquisition opportunities

- ❖ Capture more market shares from industry consolidation
- ❖ Strengthen leading market position in China
- ❖ Expand operations to achieve further economies of scale

# Market Expansion

- ❖ Fortify relationships with customers
  - ❖ Strengthen relationships with China top 10 tire manufacturers
  - ❖ Explore markets in North America and Japan
- ❖ Strive for more supplier contracts
  - ❖ Seek for new supplier contracts with China top-rank tire manufacturers
  - ❖ Become approved supplier for three major tire manufacturers in Japan and India in 2007
  - ❖ Expect to be approved by more Japanese and European tire enterprises within the next three years

# Enhance Capability & Efficiency



## ❖ Strengthen quality & R&D

- ❖ Adopt stringent quality control measures
- ❖ Acquire top-notch testing equipment from advanced countries
- ❖ Develop new products and production craftsmanship
- ❖ Bring in new facilities

## ❖ Strive to further reduce steel rod cost

- ❖ Continue to source a higher portion local steel rods
- ❖ Further look for long-term contract with major suppliers to secure stable steel rod price



# Open Forum