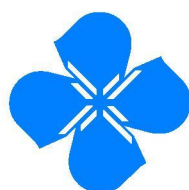


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XINGDA

**兴 达**

**XINGDA INTERNATIONAL HOLDINGS LIMITED**

**興 達 國 際 控 股 有 限 公 司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 01899)**

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

**FINANCIAL HIGHLIGHTS**

	<b>Six months ended 30 June</b>		<b><u>CHANGE</u></b>
	<b>2024</b>	<b>2023</b>	
	<b>(unaudited)</b>	<b>(unaudited)</b>	
	<b><i>RMB in</i></b>	<b><i>RMB in</i></b>	
	<b><i>Million</i></b>	<b><i>Million</i></b>	
Revenue	<b>6,165.7</b>	5,418.1	+13.8%
Gross profit	<b>1,208.7</b>	1,027.3	+17.7%
Gross profit margin	<b>19.6%</b>	19.0%	+0.6pp
EBITDA <i>(Note)</i>	<b>871.3</b>	811.9	+7.3%
Profit attributable to owners of the Company	<b>192.2</b>	192.0	+0.1%
Earnings per share – basic (RMB cents)	<b>10.31</b>	11.57	-10.9%
Earnings per share – diluted (RMB cents)	<b>10.24</b>	11.48	-10.8%

*Note:*

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

## INTERIM RESULTS

The board of directors (the “Board”) of Xingda International Holdings Limited (the “Company”) is pleased to announce the condensed consolidated financial statements of the Company and its subsidiaries (the “Group” or “Xingda”) for the six months ended 30 June 2024 (the “Period”) together with the comparative figures as follows:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2024

	<i>NOTES</i>	<b>Six months ended 30 June</b>	
		<b>2024</b>	2023
		<b>(unaudited)</b>	(unaudited)
		<b>RMB '000</b>	<b>RMB '000</b>
Revenue	3	<b>6,165,692</b>	5,418,080
Cost of sales		<b>(4,956,977)</b>	(4,390,803)
Gross profit		<b>1,208,715</b>	1,027,277
Other income		<b>142,271</b>	71,581
Other expense		<b>(3,430)</b>	(4,994)
Government grants		<b>5,068</b>	15,106
Distribution and selling expenses		<b>(504,441)</b>	(367,540)
Administrative expenses		<b>(206,819)</b>	(223,764)
Other gains and losses, net	4	<b>(1,185)</b>	44,911
Impairment loss recognised under expected credit loss model, net		<b>(5,897)</b>	(2,834)
Research and development expenditure		<b>(154,098)</b>	(91,194)
Finance costs	5	<b>(103,442)</b>	(106,393)
Profit before tax		<b>376,742</b>	362,156
Income tax expense	6	<b>(93,432)</b>	(66,656)
Profit for the period	7	<b>283,310</b>	295,500
<i>Other comprehensive (expense) income item that may be reclassified subsequently to profit or loss:</i>			
Exchange difference arising on translation of foreign operations		<b>(25,894)</b>	2,478
Total comprehensive income for the period		<b>257,416</b>	297,978
Profit for the period attributable to:			
Owners of the Company		<b>192,159</b>	192,042
Non-controlling interests		<b>91,151</b>	103,458
		<b>283,310</b>	295,500

Total comprehensive income for the period  
attributable to:

Owners of the Company  
Non-controlling interests

**173,933**      193,630  
**83,483**      104,348

**257,416**      297,978

Earnings per share  
-Basic (RMB cents)

9

**10.31**      11.57

-Diluted (RMB cents)

**10.24**      11.48

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AT 30 JUNE 2024**

	<i>NOTES</i>	As at <b>30 June</b> <b>2024</b> <b>(unaudited)</b> <i>RMB'000</i>	As at 31 December 2023 (audited) <i>RMB'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>7,427,779</b>	7,159,611
Right-of-use assets		<b>613,006</b>	620,193
Freehold land		<b>65,441</b>	69,532
Investment properties		<b>117,300</b>	117,300
Term deposits		<b>1,336,548</b>	725,337
Deferred tax assets		<b>171,279</b>	170,546
Prepayments for acquisition of property, plant and equipment and freehold land		<b>349,427</b>	254,551
Prepayments		<b>14,434</b>	14,963
		<b>10,095,214</b>	9,132,033
<b>CURRENT ASSETS</b>			
Inventories		<b>1,325,086</b>	903,643
Financial assets at fair value through profit or loss ("FVTPL")		<b>133,426</b>	69,448
Trade, bills and other receivables	10	<b>8,400,174</b>	8,028,097
Tax recoverable		<b>2,167</b>	—
Term deposits		<b>1,258,584</b>	2,015,840
Bank balances and cash		<b>1,095,605</b>	570,801
		<b>12,215,042</b>	11,587,829
<b>CURRENT LIABILITIES</b>			
Trade, bills and other payables	11	<b>5,686,752</b>	5,015,283
Contract liabilities		<b>112,668</b>	50,841
Tax liabilities		<b>85,788</b>	71,258
Dividend payable		<b>54,723</b>	86,290
Borrowings - due within one year		<b>5,588,047</b>	6,120,325
Lease liabilities		<b>218</b>	250
Obligations arising from repurchase of shares		<b>221,111</b>	223,944
		<b>11,749,307</b>	11,568,191
<b>NET CURRENT ASSETS</b>		<b>465,735</b>	19,638
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>10,560,949</b>	9,151,671

		As at <b>30 June</b> <b>2024</b> <b>(unaudited)</b> <b>RMB'000</b>	As at 31 December <b>2023</b> <b>(audited)</b> <b>RMB'000</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		<b>60,130</b>	59,473
Borrowings - due after one year		<b>1,677,500</b>	509,725
Deferred income		<b>285,950</b>	283,053
Lease liabilities		<b>431</b>	529
		<hr/> <b>2,024,011</b> <hr/>	<hr/> 852,780 <hr/>
<b>NET ASSETS</b>		<hr/> <b>8,536,938</b> <hr/> <hr/>	<hr/> 8,298,891 <hr/> <hr/>
<b>CAPITAL AND RESERVES</b>			
Share capital	12	<b>186,603</b>	163,218
Share premium and other reserves		<b>6,172,485</b>	5,941,705
		<hr/> <b>6,359,088</b> <hr/>	<hr/> 6,104,923 <hr/>
Equity attributable to owners of the Company		<b>6,359,088</b>	6,104,923
Non-controlling interests		<b>2,177,850</b>	2,193,968
		<hr/> <b>8,536,938</b> <hr/> <hr/>	<hr/> 8,298,891 <hr/> <hr/>
<b>TOTAL EQUITY</b>		<hr/> <b>8,536,938</b> <hr/> <hr/>	<hr/> 8,298,891 <hr/> <hr/>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>371,683</b>	<b>1,324,360</b>
<b>INVESTING ACTIVITIES</b>		
Purchases of property, plant and equipment	(605,280)	(625,322)
Payment for acquiring financial assets at FVTPL	(49,542)	—
Payments for leasehold land	(461)	—
Placement of term deposits	(88,061)	(939,000)
Withdrawal of term deposits	309,000	761,000
Receipts of assets-related government grants	5,500	22,917
Interest received	22,097	77,235
Dividend received from financial asset at FVTPL	4,459	1,990
Proceeds on disposal of property, plant and equipment	—	714
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(402,288)</b>	<b>(700,466)</b>
<b>FINANCING ACTIVITIES</b>		
New borrowings raised	5,328,977	3,314,417
Proceeds from issuance of shares	306,346	—
Repayments of borrowings	(4,607,722)	(3,331,892)
Dividend paid	(368,208)	(167,104)
Interest paid	(101,344)	(117,874)
Repayments of lease liabilities	(130)	(124)
<b>NET CASH FROM (USED IN) FINANCING ACTIVITIES</b>	<b>557,919</b>	<b>(302,577)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>527,314</b>	<b>321,317</b>
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY,</b>	<b>570,801</b>	<b>824,867</b>
Effect of foreign exchange rate changes	(2,510)	19,009
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE,</b>	<b>1,095,605</b>	<b>1,165,193</b>
represented by bank balances and cash	1,095,605	1,165,193

## NOTES:

### 1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 ("IAS 34") *Interim Financial Reporting* issued by the International Accounting Standards Board (the "IASB") as well as the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

### 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at fair values, as appropriate.

Other than additional accounting policies resulting from application of new and amendments to International Financial Reporting Standards ("IFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2023.

#### *Application of amendments to IFRSs*

In the current interim period, the Group has applied the following amendments to IFRSs issued by the IASB, for the first time, which are mandatory effective for the Group's annual period beginning on 1 January 2024 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

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

### 3. REVENUE AND SEGMENT INFORMATION

#### Disaggregation of revenue from contracts with customers

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

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
	<b>RMB '000</b>	<b>RMB '000</b>
<b>Sales of products</b>		
Radial tire cords		
- For trucks	<b>2,935,628</b>	2,712,444
- For passenger cars	<b>2,336,419</b>	1,931,631
Bead wires	<b>457,238</b>	408,980
Hose wires and other wires	<b>436,407</b>	365,025
	<b>6,165,692</b>	5,418,080
	<b>6,165,692</b>	5,418,080
<b>Timing of revenue recognition</b>		
A point in time	<b>6,165,692</b>	5,418,080
	<b>6,165,692</b>	5,418,080

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.

#### 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 or 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 are details below:



	<b>As at 30 June 2024 (unaudited) RMB'000</b>	As at 31 December 2023 (audited) RMB'000
The PRC	<b>7,480,915</b>	7,103,642
Thailand	<b>1,106,472</b>	1,132,508
	<b>8,587,387</b>	8,236,150

### 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.

	<b>Six months ended 30 June</b>	
	<b>2024 (unaudited) RMB'000</b>	2023 (unaudited) RMB'000
The PRC (country of domicile)	<b>4,220,613</b>	3,591,968
India	<b>271,663</b>	225,744
Thailand	<b>239,624</b>	199,549
Brazil	<b>169,362</b>	144,599
United States of America	<b>135,176</b>	193,280
Slovenska	<b>118,605</b>	176,545
Korea	<b>93,782</b>	115,159
Indonesia	<b>61,675</b>	70,064
Others	<b>855,192</b>	701,172
	<b>6,165,692</b>	5,418,080

“Others” included revenue from other various countries, each of which is individually less than 10% of the Group’s total revenue.

No customer contributes over 10% of the total revenue of the Group for the six months ended 30 June 2024 and 2023.

#### 4. OTHER GAINS AND LOSSES, NET

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Net foreign exchange (loss) gain	<b>(18,764)</b>	50,072
Dividend income from financial asset at FVTPL	<b>4,954</b>	2,211
Gain on change in fair value of financial asset at FVTPL	<b>14,436</b>	1,789
Loss on written off and disposal of property, plant and equipment	<b>(1,811)</b>	(9,161)
	<b>(1,185)</b>	44,911

#### 5. FINANCE COSTS

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Interests on:		
Bank loans	<b>93,016</b>	114,876
Bills receivables discounted	<b>2,410</b>	1,699
Lease liabilities	<b>16</b>	21
Imputed interest on obligations arising from repurchase of shares	<b>8,000</b>	7,999
	<b>103,442</b>	124,595
Less: amounts capitalised in the cost of qualifying assets	—	(18,202)
	<b>103,442</b>	106,393

No borrowing costs capitalised during the six months ended 30 June 2024 and for the six months ended 30 June 2023, RMB18,202,000 interests capitalised was arisen on borrowings to expenditure on qualifying assets.

## 6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2024 (unaudited) RMB'000	2023 (unaudited) RMB'000
Current tax	76,356	73,694
Overprovision in prior years	(9,509)	(15,770)
Withholding tax	26,661	22,362
Deferred tax	(76)	(13,630)
	<hr/>	<hr/>
	<b>93,432</b>	66,656
	<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 for certain PRC subsidiaries is 25% except for Jiangsu Xingda as further described below.

Jiangsu Xingda is qualified as High-tech Enterprise and enjoyed preferential tax rate of 15% throughout the effective period of High-tech Enterprise Certificate during 2021 to 2023. During the current interim period, Jiangsu Xingda's new High-tech Enterprise Certificate is subject to be approved by relevant authority which management expects to be issued within the year and therefore effective throughout the year of 2024.

No provision for taxation in Hong Kong has been made as the Group's income neither arises in, nor is derived from, Hong Kong for both periods.

No provision for taxation in Thailand has been made as no assessable profit of the Group's subsidiary in Thailand incurred (for the six months ended 30 June 2023: assessable profit was absorbed by its unrecognised tax loss for periods ended 30 June 2024 and 2023).

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

In December 2023, the Luxembourg Parliament transposed in domestic law of the European Union directive of the Pillar Two minimum taxation rules, where a subsidiary of the Company was incorporated, enacting the Pillar Two income taxes legislation effective from fiscal years starting on or after 31 December 2023. Under the legislation, the group entities incorporated in Luxembourg is required to pay the top-up tax on profits that are taxed at an effective tax rate of less than 15 per cent. For the period ended 30 June 2024, group entity incorporated in Luxembourg generated losses.

The management assessed the impact of Pillar Two income taxes to the Group is insignificant. The Group is continuing to assess the impact of the Pillar Two income taxes legislation on its future financial performance.

## 7. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging:

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Staff cost, including directors' remuneration		
Salaries, wages and other benefits	<b>562,398</b>	453,753
Retirement benefits scheme contributions	<b>41,163</b>	35,664
Share-based payments	<b>93</b>	2,796
	<hr/>	<hr/>
Total staff costs	<b>603,654</b>	492,213
Less: capitalised in inventories	<b>(382,880)</b>	(307,586)
Less: included in research and development expenditure	<b>(45,375)</b>	(22,399)
	<hr/>	<hr/>
	<b>175,399</b>	162,228
	<hr/>	<hr/>
Depreciation and amortisation		
- Property, plant and equipment	<b>383,435</b>	335,468
- Right-of-use assets	<b>7,648</b>	7,903
	<hr/>	<hr/>
Total depreciation and amortisation	<b>391,083</b>	343,371
Less: capitalised in inventories	<b>(351,396)</b>	(287,373)
Less: included in research and development expenditure	<b>(7,583)</b>	(3,680)
	<hr/>	<hr/>
	<b>32,104</b>	52,318
	<hr/>	<hr/>
Impairment loss on property, plant and equipment (included in cost of sales)	—	91,623
	<hr/> <hr/>	<hr/> <hr/>

## 8. DIVIDENDS

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Dividend for ordinary shareholders of the Company recognised as distribution during the period:		
Final dividend in respect of the year ended 31 December 2023 - 13.0 HK cents per share (2023: final dividend in respect of the year ended 31 December 2022 - 15.0 HK cents per share)	<b>226,207</b>	222,752
	<hr/> <hr/>	<hr/> <hr/>

During the current interim period, a final dividend of 13.0 HK cents per ordinary share in an aggregate amount of RMB226,207,000 for the year ended 31 December 2023 was approved at the annual general meeting of the Company held on 29 May 2024.

The Board has determined that no dividend will be paid for both interim periods.

## 9. 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:

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Earnings</b>		
Earnings for the period attributable to owners of the Company	<b>192,159</b>	192,042
	<b>'000</b>	'000
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<b>1,864,184</b>	1,660,306
Effect of dilutive potential ordinary shares in respect of outstanding share awards	<b>11,806</b>	13,035
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<b>1,875,990</b>	1,673,341

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

## 10. TRADE, BILLS AND OTHER RECEIVABLES

	As at <b>30 June</b> <b>2024</b> <b>(unaudited)</b> <i>RMB'000</i>	As at 31 December 2023 (audited) <i>RMB'000</i>
Trade receivables - goods	<b>4,693,180</b>	4,203,571
Less: Allowance for credit losses	<b>(74,839)</b>	(68,942)
	<b>4,618,341</b>	4,134,629
Bills receivables	<b>3,219,148</b>	3,395,046
Less: Allowance for credit losses	<b>(1,950)</b>	(1,950)
	<b>3,217,198</b>	3,393,096
	<b>7,835,539</b>	7,527,725
Advances to suppliers of raw materials	<b>424,228</b>	379,121
Prepayments for spool	<b>33,457</b>	26,003
Value-added tax receivable	<b>74,437</b>	67,147
Other receivables	<b>26,791</b>	22,894
Other prepayments	<b>10,984</b>	10,469
Less: Allowance for credit losses on other receivables	<b>(5,262)</b>	(5,262)
	<b>564,635</b>	500,372
	<b>8,400,174</b>	8,028,097

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

	<b>As at 30 June 2024 (unaudited) RMB'000</b>	<b>As at 31 December 2023 (audited) RMB'000</b>
Trade receivables		
0 - 90 days	<b>2,980,299</b>	2,671,355
91 - 120 days	<b>460,327</b>	384,243
121 - 180 days	<b>363,941</b>	370,143
181 - 360 days	<b>654,929</b>	581,747
Over 360 days	<b>158,845</b>	127,141
	<b>4,618,341</b>	4,134,629
Bills receivables		
0 - 90 days	<b>383,947</b>	482,928
91 - 180 days	<b>1,488,649</b>	1,556,873
181 - 360 days	<b>1,318,356</b>	1,334,207
Over 360 days	<b>26,246</b>	19,088
	<b>3,217,198</b>	3,393,096

The Group has a policy of allowing an average credit period of 30 to 90 days to its trade customers and the Group allows domestic customers to pay bills or letter of credit to settle the trade receivables. Bills receivable and letter of credit received by the Group are with a maturity period of less than one year.

## 11. TRADE, BILLS AND OTHER PAYABLES

	As at <b>30 June</b> <b>2024</b> <b>(unaudited)</b> <b>RMB'000</b>	As at 31 December 2023 (audited) RMB'000
Trade payables	<b>3,143,855</b>	2,870,066
Bills payables (Note)	<b>890,000</b>	615,000
	<b>4,033,855</b>	3,485,066
Value-added tax payables and other tax payables	<b>24,921</b>	35,772
Accrued staff costs and pension	<b>183,805</b>	253,386
Payables for purchase of property, plant and equipment	<b>1,233,043</b>	1,033,570
Amount due to a related party	<b>16,156</b>	8,018
Accrued interest expenses	<b>4,424</b>	10,326
Accrued expenses	<b>145,106</b>	142,158
Others	<b>45,442</b>	46,987
	<b>1,652,897</b>	1,530,217
	<b>5,686,752</b>	5,015,283

Note: These relate to trade payables in which the Group has issued bills to the relevant suppliers for future settlement of trade payables. The Group continues to recognise these trade payables as the relevant banks are obliged to make payments only on due dates of the bills, under the same conditions as agreed with the suppliers without further extension. In the condensed consolidated statement of cash flows, settlements of these bills are included within operating cash flows based on the nature of the arrangements.

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



	<b>As at 30 June 2024 (unaudited) RMB'000</b>	<b>As at 31 December 2023 (audited) RMB'000</b>
Trade payables		
0 - 90 days	<b>1,800,219</b>	1,753,699
91 - 180 days	<b>1,054,879</b>	522,374
181 - 360 days	<b>136,116</b>	373,815
Over 360 days	<b>152,641</b>	220,178
	<b>3,143,855</b>	2,870,066
Bills payables		
0 - 90 days	<b>305,000</b>	187,202
91 - 180 days	<b>585,000</b>	427,798
	<b>890,000</b>	615,000

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.

## 12. SHARE CAPITAL

	<u>Number of shares</u>		<u>Share capital</u>	
	<b>30 June 2024 '000</b>	31 December 2023 '000	<b>30 June 2024 RMB'000</b>	31 December 2023 RMB'000
Authorised:				
3 billion ordinary shares of HK\$0.1 each	<b>3,000,000</b>	3,000,000	<b>301,410</b>	301,410
Issued and fully paid:				
At beginning of period/year	<b>1,662,445</b>	1,662,445	<b>163,218</b>	163,218
Issuance of shares	<b>257,680</b>	—	<b>23,385</b>	—
At end of period/year	<b>1,920,125</b>	1,662,445	<b>186,603</b>	163,218

On 8 February 2024, an aggregate of 257,680,000 subscription shares of the Company (of an aggregate nominal value of HK\$25,768,000)(equivalent to RMB23,385,000) have been issued at subscription price of HK\$1.31 per subscription share to the subscribers. The gross proceeds from the subscriptions amounted to approximately HK\$337.6 million (equivalent to RMB306.3 million) as presented in the Condensed Consolidated Statement of Changes in Equity.

As at 30 June 2024, included the issued and fully paid ordinary shares, 2,139,665 shares are held by trustee under share-award scheme (31 December 2023: 2,139,665 shares).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

Xingda International Holdings Limited (the "Company") and its subsidiaries (collectively the "Group" or "Xingda") are pleased to present the unaudited interim results of the Group for the six months ended 30 June 2024 (the "review period").

For the six months ended 30 June 2024, the Group recorded revenue of RMB6,165.7 million, representing a year-on-year increase of 13.8% (first half of 2023: RMB5,418.1 million). Gross profit increased by 17.7% year-on-year to RMB1,208.7 million (first half of 2023: RMB1,027.3 million) and gross profit margin grew by 0.6 percentage point compared to the same period last year to 19.6% (first half of 2023: 19.0%). Profit attributable to the owners of the Company increased by 0.1% year-on-year to RMB192.2 million (first half of 2023: RMB192.0 million). Basic earnings per share were RMB10.31 cents (first half of 2023: RMB11.57 cents). The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2024.

In the first half of 2024, China's economy maintained overall stability with progress. According to data from the National Bureau of Statistics, the Gross Domestic Product (GDP) increased by 5.0% year-on-year, showing steady improvement. Based on data released by the China Federation of Logistics and Purchasing, logistics demand exhibited a steady recovery momentum in the first half of 2024, with the total social logistics volume increasing by 5.8% year-on-year. According to data from the National Bureau of Statistics, from January to June 2024, the year-on-year growth rate of national highway freight volume reached 4%, indicating a steady recovery in the flow of freight vehicles on the highway network. In the second quarter, the monthly growth in freight traffic exceeded 25%, with various operational indicators continuing to show improvement.

Driven by favorable national policies, the radial tire cord industry is also demonstrating positive development prospects. In March, the State Council highlighted in the "Government Work Report" that the need to transform and upgrade manufacturing technology, boost consumption of new energy vehicles and other mass consumer goods, enhance the stability and quality of foreign trade, and advance green and low-carbon development. These tasks provide excellent guidance for the sustainable development of the tire industry, driving an increase in sales of radial tire cord. Additionally, the "Government Work Report" also emphasized the need to reduce logistics costs through measures such as strengthening logistics infrastructure, rural logistics system construction, and digital transformation. The above initiatives aim to drive high-quality development in the logistics industry, thereby stimulating the increase in production and demand for automobiles and tires.

According to the analysis by the China Association of Automobile Manufacturers, in the first half of 2024, the production and sales of automobiles reached 13.891 million and 14.047 million respectively, representing year-on-year growth of 4.9% and 6.1% respectively. The production and sales of new energy vehicles maintained rapid growth. In the first half of the year, domestic tire production exceeded 500 million, an increase of 8.8% year-on-year, while tire exports increased by 5.3% year-on-year. According to data from the Ministry of Public Security, as of the end of June 2024, the total volume of automobiles in China reached 345 million, with 24.72 million of which being new energy vehicles. It is expected to provide support for the replacement market of radial tire cord.

In the first half of 2024, the global tire industry still faced certain challenges. On one hand, although raw material costs and shipping expenses have risen quarter-on-quarter, several countries and regions in Europe and America have carried out anti-dumping investigations on tire products manufactured by China. On the other hand, the demand for export markets remained strong, especially in Asia and Europe, which enabled Chinese tire companies to maintain competitiveness in the market.

## **BUSINESS REVIEW**

In the first half of 2024, the domestic and export markets saw an increase in demand for tire steel cord, driving the sales growth. The Group recorded total sales volume of 724,900 tonnes, up by 22.0% year-on-year, and that of radial tire cords boosted by 22.7% year-on-year to 578,600 tonnes, accounting for 79.8% of the Group's total sales volume (first half of 2023: 79.3%). Sales volume of bead wires increased by 15.8% to 83,000 tonnes, accounting for 11.5% of the Group's total sales volume (first half of 2023: 12.1%). As for hose wires and other wires, their total sales volume increased by 24.1% to 63,300 tonnes, making up 8.7% of the Group's total sales volume (first half of 2023: 8.6%).

During the review period, the sales volume of the Group's radial tire cords for trucks increased by 20.9% year-on-year to 332,600 tonnes. The growth was primarily driven by the stabilization and improvement of China's economy, the steady recovery of logistics activities, and the increase in domestic tire production and demand. Additionally, the rebound in domestic and international market demand for radial tires for passenger cars contributed to the increased sales volume of the Group's radial tire cords for passenger cars, which saw a growth of 25.3% to 246,000 tonnes. The sales volume of radial tire cords for trucks and passenger cars accounted for 57.5% and 42.5% of the total sales volume of radial tire cords during the review period.

## Sales Volume

	Six months ended 30 June		
	2024 Tonnes	2023 Tonnes	Change
Radial tire cords	<b>578,600</b>	471,600	+22.7%
- For trucks	<b>332,600</b>	275,200	+20.9%
- For passenger cars	<b>246,000</b>	196,400	+25.3%
Bead wires	<b>83,000</b>	71,700	+15.8%
Hose wires and other wires	<b>63,300</b>	51,000	+24.1%
Total	<b>724,900</b>	594,300	+22.0%

In the China market, the sales volume of the Group's radial tire cords increased by 23.2% to 415,600 tonnes (first half of 2023: 337,300 tonnes). This growth was primarily driven by the improved market demand for radial tires, resulting from increased domestic economic activities and steady GDP growth during the review period. As for overseas market demand, the growth momentum continued in this review period. The sales volume of radial tire cords increased by 21.4% to 163,000 tonnes (first half of 2023: 134,300 tonnes), mainly due to the ongoing growth in overseas demand for radial tires. Domestic and overseas markets accounted for 71.8% and 28.2% of the Group's total sales volume, respectively, (first half of 2023: 71.5% and 28.5%).

As at 30 June 2024, the annual production capacity of radial tire cords increased to 1,248,000 tonnes. The annual production capacity of the Jiangsu, Shandong, and Thailand factories reached 890,000 tonnes, 279,000 tonnes and 79,000 tonnes, respectively. The annual production capacity of bead wires increased to 173,000 tonnes. The annual production capacity of hose wires and other wires increased to 131,000 tonnes. During the review period, the overall utilization rate of the Group's factories increased to 95.7% (first half of 2023: 93.3%), influenced by the rise in demand for the overall radial tire market and radial tire cords.

	30 June 2024 Production Capacity (Tonnes)	Six months ended 30 June 2024 Utilisation Rate	30 June 2023 Production Capacity (Tonnes)	Six months ended 30 June 2023 Utilisation Rate
Radial tire cords	<b>1,248,000</b>	<b>96%</b>	999,000	94%
Bead wires	<b>173,000</b>	<b>96%</b>	159,000	90%
Hose wires and other wires	<b>131,000</b>	<b>96%</b>	109,000	94%
Overall	<b>1,552,000</b>	<b>96%</b>	1,267,000	93%

To enhance production capacity and expand its market presence, the Group consistently allocates resources to bolster product research and development, upgrade product technology, and craft customized radial tire cords to match diverse customer requirements. In the review period, the Group has developed 19 new varieties of radial tire cords and 24 new varieties of bead wire and other wires.

## FINANCIAL REVIEW

### Revenue

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

<i>RMB in million</i>	<b>Six months ended 30 June</b>				
	<b>2024</b>	<b>Proportion (%)</b>	<b>2023</b>	<b>Proportion (%)</b>	<b>Change (%)</b>
Radial tire cords	<b>5,272.0</b>	<b>86</b>	4,644.1	86	+13.5
- For trucks	<b>2,935.6</b>	<b>48</b>	2,712.5	50	+8.2
- For passenger cars	<b>2,336.4</b>	<b>38</b>	1,931.6	36	+21.0
Bead wires	<b>457.3</b>	<b>7</b>	409.0	7	+11.8
Hose wires and other wires	<b>436.4</b>	<b>7</b>	365.0	7	+19.6
<b>Total</b>	<b>6,165.7</b>	<b>100</b>	5,418.1	100	+13.8

During the review period, the Group's revenue increased by RMB747.6 million or 13.8% year-on-year to RMB6,165.7 million (first half of 2023: RMB5,418.1 million), mainly due to the increase in demand and sales volume in domestic and overseas market for the Group.

### Gross profit and gross profit margin

The Group's gross profit increased by RMB181.4 million or 17.7% year-on-year to RMB1,208.7 million (first half of 2023: RMB1,027.3 million), with gross profit margin at 19.6% (first half of 2023: 19.0%), representing a year-on-year increase of 0.6 percentage point. Both gross profit and gross profit margin increased mainly due to the impairment loss on property, plant and equipment of RMB91.6 million being included in cost of sales during the first half of 2023 but no such impairment loss was recorded in this review period. In addition, the increase in gross profit was also driven by increasing revenues.

### Other income

Other income increased by RMB70.7 million or 98.7% to RMB142.3 million (first half of 2023: RMB71.6 million), mainly due to the increase in recognized interest income earned on bank deposits during the review period.

## **Other expense**

Other expenses decreased by RMB1.6 million or 32.0% to RMB3.4 million (first half of 2023: RMB5.0 million), primarily due to the reduction in sundry income in the first half of 2024 and the corresponding decrease in costs of sundry income.

## **Government grants**

During the review period, government grants decreased by RMB10.0 million or 66.2% to RMB5.1 million (first half of 2023: RMB15.1 million), mainly due to a decrease in government grants released from deferred income.

## **Distribution and selling expenses**

Distribution and selling expenses increased by RMB136.9 million or 37.3% to RMB504.4 million (first half of 2023: RMB367.5 million), mainly due to higher transportation costs under increasing shipment fees on a year-on-year basis.

## **Administrative expenses**

Administrative expenses decreased by RMB17.0 million or 7.6% to RMB206.8 million (first half of 2023: RMB223.8 million). It is mainly because in the review period, staff costs classified as administrative expenses was decreased. This effect was partially offset by an increase in the repairs and maintenance cost.

## **Other gains and losses, net**

Other gains and losses, net decreased by RMB46.1 million or 102.7% from net gain of RMB44.9 million in the first half of 2023 to net loss of RMB1.2 million in the first half of 2024. This decrease was mainly due to the net foreign exchange loss of RMB18.8 million recorded in this review period whereas a net foreign exchange gain of RMB50.1 million recorded in the first half of 2023.

## **Impairment loss recognised under expected credit loss model, net**

Impairment loss recognised under the expected credit loss model increased by RMB3.1 million or 110.7% to a RMB5.9 million in the first half of 2024 (first half of 2023: RMB2.8 million). This increase was mainly due to a rise in the amount of trade receivables on 30 June 2024 compared to the amount on 30 June 2023.

## **Research and development expenditure**

Research and development expenditure increased by RMB62.9 million or 69.0% to RMB154.1 million (first half of 2023: RMB91.2 million), mainly due to the increase in the number of new products under development projects in the first half of 2024, most of which were in the initial stages so that the Group invested more resources in new product research and development.

## **Finance costs**

If the finance costs, including the interest capitalized in the cost of qualifying assets, they would have decreased by RMB21.2 million or 17.0% to RMB103.4 million (first half of 2023: RMB124.6 million). The decrease was primarily due to the decline in the effective interest rates of variable-rate borrowings in the first half of 2024.

## **Income tax expense**

The Group's income tax expense increased by RMB26.7 million or 40.0% to RMB93.4 million (first half of 2023: RMB66.7 million), with an effective tax rate of 24.8% (first half of 2023: 18.4%). During the review period, current tax was increased by RMB2.7 million or 3.7% to RMB76.4 million due to the increase in profit before tax (first half of 2023: RMB73.7 million). By using the current tax on calculating the effective tax rate, it would become 20.3% (first half of 2023: 20.3%).

## **Net profit**

Taking the factors mentioned above into account, the Group's net profit for the six months ended 30 June 2024 decreased by RMB12.2 million or 4.1% to RMB283.3 million (first half of 2023: RMB295.5 million).

## **LIQUIDITY, CAPITAL RESOURCES AND CAPITAL STRUCTURE**

During the review period, there were no significant changes in the Group's funding and treasury policies. The principal source of liquidity and capital resources was the cash flow generated from financing and operating activities, whereas the principal usage of cash was for the acquisition of properties, plant and equipment, payments of dividends, interest and income tax.

Bank balances and cash of the Group increased by RMB524.8 million or 91.9% from RMB570.8 million as at 31 December 2023 to RMB1,095.6 million as at 30 June 2024. The increase was mainly due to the cash that has been generated from financing activities of RMB557.9 million and operating activities of RMB371.7 million, exceeding the cash used in investing activities of RMB402.3 million and the effect of foreign exchange rate changes of RMB2.5 million respectively.

Borrowings increased by RMB635.4 million or 9.6% to RMB7,265.5 million as at 30 June 2024 from RMB6,630.1 million as at 31 December 2023. The bank borrowings carry interest at fixed rates from 1.60% to 3.90% (31 December 2023: 1.35% to 3.90%) and variable rates from 2.60% to 3.20% (31 December 2023: 2.90% to 7.73%). Borrowings of RMB5,588.0 million are repayable within one year from 30 June 2024 and the remaining borrowings of RMB1,677.5 million are repayable after one year from 30 June 2024.

As at 30 June 2024, the Group's current assets increased by RMB627.2 million or 5.4% to RMB12,215.0 million (31 December 2023: RMB11,587.8 million). Current liabilities increased by RMB181.1 million or 1.6% to RMB11,749.3 million (31 December 2023: RMB11,568.2 million). The Group's current ratio (being defined as current assets over current liabilities) maintained at 1.0 times (31 December 2023: 1.0 times). The gearing ratio (being defined as total debts to total assets) as at 30 June 2024 was 32.6% (31 December 2023: 32.0%).

## **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 period under review. However, the Group is closely monitoring the impact of change in value of the Renminbi on its operations and may consider appropriate hedging solutions, if required.

## **CAPITAL EXPENDITURE**

For the six months ended 30 June 2024, capital expenditure for property, plant and equipment amounted to RMB709.9 million (first half of 2023: RMB478.5 million).



## **CAPITAL COMMITMENTS**

As at 30 June 2024, the Group had made a capital commitment of approximately RMB200.8 million (31 December 2023: RMB228.7 million) for acquisition of property, plant and equipment and freehold land contracted for but not provided in the condensed consolidated financial statements. The Group did not make any capital commitment for acquisition of property, plant and equipment and freehold land authorized but not contracted as at 30 June 2024 and 31 December 2023. 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 30 June 2024 and 31 December 2023 respectively.

## **PLEDGE OF ASSETS**

As at 30 June 2024, secured bank borrowings amounting to RMB1,932.3 million (31 December 2023: RMB2,147.5 million) were secured by term deposits and bills receivables of the Group amounting to RMB1,355.0 million and RMB241.2 million, respectively (31 December 2023: secured by term deposits, leasehold lands and bills receivables amounting to RMB885.2 million, RMB195.7 million and RMB174.0 million, respectively).

## **SUBSCRIPTIONS OF NEW SHARES UNDER GENERAL MANDATE**

Reference is made to the announcements of the Company dated 30 January 2024, 6 February 2024 and 8 February 2024 (the “Subscriptions Announcements”), in relation to the subscriptions of new Shares under General Mandate. Unless otherwise specified, capitalised terms used under this sub-heading shall have the same meanings as those defined in the Subscriptions Announcements.

On 8 February 2024, the Subscriptions were completed in accordance with the terms and conditions of the relevant Subscription Agreements. An aggregate of 257,680,000 ordinary Shares (of an aggregate nominal value of HK\$25,768,000), representing (i) approximately 15.50% of the issued share capital of the Company immediately before Completion; and (ii) approximately 13.42% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares immediately upon Completion, have been issued at the Subscription Price of HK\$1.31 per Subscription Share to the Subscribers, namely 133,000,000 Subscription Shares to JINYU TIRE (HONGKONG) CO., LIMITED (金宇輪胎(香港)有限公司), 39,900,000 Subscription Shares to HAOHUA TIRE CO., LIMITED and 84,780,000 Subscription Shares to Longmarch Hongkong Holding Limited (長征香港控股有限公司) respectively. The gross proceeds from the Subscriptions amounted to approximately HK\$337.56 million and the net proceeds, after deduction of expenses, amounted to approximately HK\$337.06 million, representing the net price of approximately HK\$1.308 per Subscription Share. Such net proceeds have been applied in the manner as disclosed in the Subscriptions Announcements. The market value of the Subscription Shares which was based on the closing price of HK\$1.63 per Share as at the date of the Subscription Agreements was approximately HK\$420.02 million.

## **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 deducting expenses, amounted to approximately HK\$71.4 million. In the first half of 2024, Xingda has subscribed another 6,100,000 shares of Prinx Chengshan at HK\$8.90 per share, for a total payment of approximately HK\$54.5 million after deducting expenses. The shares held by Xingda accounted for 2.8% and 1.9% of the entire issued shares of Prinx Chengshan as at 30 June 2024 and 31 December 2023 respectively. 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 gain on change in fair value of financial assets at fair value through profit or loss of RMB14.4 million was recorded during the six months ended 30 June 2024 (first half of 2023: gain of RMB1.8 million).

The fair value of the investment in Prinx Chengshan as at 30 June 2024 was RMB133.4 million (31 December 2023: RMB69.4 million). The above mentioned investment accounted for 0.6% and 0.3% of the total assets value of the Group as at 30 June 2024 and 31 December 2023 respectively.

Save as disclosed above, the Group had no other significant investments as at 30 June 2024 and 31 December 2023 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 for the six months ended 30 June 2024 and 30 June 2023 respectively.

## **HUMAN RESOURCES**

As of 30 June 2024, the Group had approximately 9,200 full time employees (31 December 2023: approximately 8,700). Total staff costs including directors' remuneration for the six months ended 30 June 2024 was RMB603.7 million (first half of 2023: RMB492.2 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, major operating subsidiaries including 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 six months ended 30 June 2024, the amount of Union Fees contributed by the Labour Union of Jiangsu Xingda, Shandong Xingda and Taizhou Xingda was RMB10.4 million (first half of 2023: RMB11.2 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 30 June 2024, the balance of the Fifth Batch Shares were 2,139,665 shares.

As at 30 June 2024, all the First Batch Shares, the Second Batch Shares, the Third Batch Shares and 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 not later than the end of year 2025.

## **PROSPECTS**

In the first half of 2024, despite the challenges of complex and severe international environment, the China's economy still represented strong resilience. In July, the Third Plenary Session of 20th CPC Central Committee pointed out that efforts should be made to boost consumption as the main focus to expand domestic demand and cultivate and foster new engines of economic growth in the second half of the year. This included the prosperous development of competitive industries such as new energy vehicles, which is expected to drive the demand for semi-steel radial tire cord. The National Development and Reform Commission and Ministry of Finance of the PRC further reinforce measures to promote automobile consumption, launching higher subsidy standards for car scrapping scheme, as well as extending the limitation on the purchase of new energy vehicles in many cities, which could provide a degree of support for the growth of the tire replacement market in the second half of the year.

At the end of the second quarter, domestic and foreign sales of all-steel tire products have slowed down. With the increase in stock level and the slight decline in domestic logistics market sentiment, the Group is cautious about the sales volume of all-steel tire cord in the second half of the year. Meanwhile, the Group will be more flexible in adjusting production scheduling to cope with changes in the domestic market. As for overseas exports, the demand is expected to remain stable in the second half of the year.

Looking forward to the future, the Group will pay close attention to the changes in industry trends and domestic and overseas policies, strengthen the flexible layout of local plants, adhering to independent innovation and product upgrading, committing to research and development and production of green products, and provide clients with quality products and services. As the world's leading enterprise of radial tire steel cord, Xingda will follow the trend of green and low-carbon in tire industry, strive to promote sustainable development, and contribute positive power to the industry.

## **INTERIM DIVIDEND**

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2024.

## **CORPORATE GOVERNANCE PRACTICES**

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

The Company has applied the principles in and complied with the code provisions of the Corporate Governance Code contained in Appendix C1 of the Listing Rules throughout the six months ended 30 June 2024, 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 officer and the daily operation of the Group is assigned among the executive Directors. In addition to the fact that the responsibilities of the chairman are shared by the remaining executive Directors, the Executive Committee of the Company which has been established for determining, approving and overseeing the day-to-day control over the allocation of the Group's resources also segregates the duties of Mr. Liu Jinlan.

Following the resignation of Mr. Luo Tiejun on 3 April 2024, the Board comprises six executive Directors and two independent non-executive Directors. As a result of the foregoing, the Company is not in compliance with (i) Rule 3.10(1) of the Listing Rules, which stipulates that the Board must include at least three independent non-executive directors; (ii) Rule 3.10A of the Listing Rules, which stipulates that the number of independent non-executive directors shall represent at least one-third of the Board; and (iii) Rule 3.21 of the Listing Rules, which stipulates that the audit committee must comprise a minimum of three members. The Company is in the process of identifying suitable candidate(s) to fill the vacancy, and will use its best endeavors to ensure a suitable candidate to be appointed as soon as practicable.

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 ("Model Code") set out in Appendix C3 of the Listing Rules as the code of conduct regarding Directors' securities transactions. After having made specific enquiry with all Directors, the Company has received confirmations from all Directors that they have complied with the required standards set out in the Model Code during the six months ended 30 June 2024.

The Company has also adopted procedures on terms no less exacting than the Model Code in respect of the securities transactions of the employees who are likely to be in possession of unpublished price-sensitive information.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2024.

## **REVIEW OF INTERIM FINANCIAL STATEMENTS**

The Audit Committee together with the external auditor and the management of the Company have reviewed the accounting principles and practices adopted by the Group and discussed the financial reporting matters including the review of the unaudited interim results of the Group for the six months ended 30 June 2024.

## **PUBLICATION OF RESULTS ANNOUNCEMENT AND THE INTERIM REPORT**

This results announcement is available for viewing on the website of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and on the website of the Company ([www.irasia.com/listco/hk/xingda/index.htm](http://www.irasia.com/listco/hk/xingda/index.htm)). The Company's interim report for the six months ended 30 June 2024 will be dispatched to the shareholders of the Company and will be published on the above websites as and where appropriate in due course.

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

Shanghai, the PRC, 27 August 2024

*As at the date of this announcement, the executive Directors are Mr. LIU Jinlan, Mr. LIU Xiang, Mr. HANG Youming, Mr. WANG Jin and Ms. WANG Yu, the independent non-executive Directors are Mr. KOO Fook Sun, Louis and Ms. XU Chunhua.*