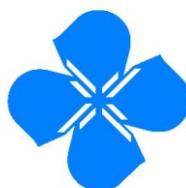


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XINGDA

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XINGDA INTERNATIONAL HOLDINGS LIMITED

興達國際控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 01899)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

FINANCIAL HIGHLIGHTS			
	Six months ended 30 June		
	2015	2014	
	(unaudited)	(unaudited)	
	RMB in	RMB in	
	Million	Million	<u>CHANGE</u>
Revenue	2,440.9	2,817.3	-13.4%
Gross profit	473.0	664.0	-28.8%
Gross profit margin	19.4%	23.6%	-4.2pp
EBITDA <i>(Note)</i>	486.6	592.2	-17.8%
Profit attributable to owners of the Company	146.7	202.0	-27.4%
Earnings per share - basic (RMB fen)	9.71	13.25	-26.7%
	As at		
	30.6.2015	31.12.2014	
	(unaudited)	(audited)	
Net debts to equity ratio	-2.2%	5.5%	-7.7pp
Gearing ratio	7.0%	8.1%	-1.1pp

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 2015 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 2015

	<i>NOTES</i>	Six months ended 30 June	
		2015	2014
		(unaudited)	(unaudited)
		RMB'000	RMB'000
Revenue	3	2,440,909	2,817,324
Cost of sales		(1,967,912)	(2,153,345)
Gross profit		472,997	663,979
Other income		16,230	19,450
Government grants		13,893	14,849
Gain on disposal of available-for-sale investment		111,897	—
Selling and distribution expenses		(172,956)	(168,393)
Administrative expenses		(151,330)	(133,828)
Other losses and expenses, net	4	(40,129)	(21,612)
Share of (loss) profit of a joint venture		(11)	79
Finance costs		(21,138)	(24,379)
Profit before taxation		229,453	350,145
Income tax expense	5	(25,409)	(67,865)
Profit for the period	6	204,044	282,280
Other comprehensive income:			
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Gain on revaluation of available-for-sale investment		65,044	19,500
Deferred tax liability on recognition on fair value gain on available-for-sale investment		(9,757)	(2,925)
Other comprehensive income for the period, net of tax		55,287	16,575
Total comprehensive income for the period, net of tax		259,331	298,855
Profit for the period attributable to:			
Owners of the Company		146,715	201,998
Non-controlling interests		57,329	80,282
		204,044	282,280

	<i>NOTE</i>	Six months ended 30 June	
		2015	2014
		(unaudited)	(unaudited)
		<i>RMB'000</i>	<i>RMB'000</i>
Total comprehensive income for the period attributable to:			
Owners of the Company		185,162	213,524
Non-controlling interests		74,169	85,331
		<u>259,331</u>	<u>298,855</u>
Earnings per share			
Basic (RMB fen)	8	<u>9.71</u>	<u>13.25</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2015**

	<i>NOTES</i>	As at 30 June 2015 (unaudited) <i>RMB'000</i>	As at 31 December 2014 (audited) <i>RMB'000</i>
ASSETS AND LIABILITIES			
NON-CURRENT ASSETS			
Property, plant and equipment		4,089,880	3,679,700
Prepaid lease payments		286,347	233,215
Investment properties		130,240	130,240
Interest in a joint venture	12	—	250,810
Available-for-sale investment		—	201,000
Deferred tax assets		11,813	10,493
Prepayment		5,500	11,583
		<hr/> 4,523,780	<hr/> 4,517,041
CURRENT ASSETS			
Prepaid lease payments		6,979	5,812
Inventories		534,012	544,497
Trade and other receivables	9	2,158,710	2,026,333
Bill receivables	9	2,034,475	2,493,087
Pledged bank deposits		62,000	8,000
Bank balances and cash		817,870	530,910
		<hr/> 5,614,046	<hr/> 5,608,639
CURRENT LIABILITIES			
Trade and other payables	10	1,353,841	1,813,239
Bill payables	10	821,571	418,573
Amount due to a related company		811	4,257
Tax payable		53,384	45,736
Bank borrowings - due within one year		705,840	815,690
Government grants		10,000	10,000
		<hr/> 2,945,447	<hr/> 3,107,495
NET CURRENT ASSETS		<hr/> 2,668,599	<hr/> 2,501,144
TOTAL ASSETS LESS CURRENT LIABILITIES		<hr/> 7,192,379	<hr/> 7,018,185
NON-CURRENT LIABILITY			
Deferred tax liabilities		35,784	53,505
NET ASSETS		<hr/> <hr/> 7,156,595	<hr/> <hr/> 6,964,680

	<i>NOTE</i>	As at 30 June 2015 (unaudited) RMB'000	As at 31 December 2014 (audited) RMB'000
CAPITAL AND RESERVES			
Share capital	11	149,838	150,251
Reserves		4,976,228	5,030,489
		<hr/>	<hr/>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		5,126,066	5,180,740
NON-CONTROLLING INTERESTS		2,030,529	1,783,940
		<hr/>	<hr/>
TOTAL EQUITY		7,156,595	6,964,680
		<hr/> <hr/>	<hr/> <hr/>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

	NOTE	Six months ended 30 June	
		2015	2014
		(unaudited) RMB'000	(unaudited) RMB'000
NET CASH GENERATED FROM OPERATING ACTIVITIES			
Profit before taxation		229,453	350,145
Depreciation and amortisation		235,974	217,676
Gain on disposal of available-for-sale investment		(111,897)	—
Decrease (increase) in inventories		29,848	(184,857)
Increase in trade and other receivables		(125,940)	(108,751)
Decrease (increase) in bill receivables		458,612	(77,636)
(Decrease) increase in trade and other payables		(494,222)	113,163
Increase in bills payables		402,998	454,330
Income tax paid		(51,008)	(102,466)
Purchase of shares for the purpose of share award scheme		—	(5,423)
Other operating cash flows		27,032	32,217
		600,850	688,398
NET CASH GENERATED FROM (USED IN) INVESTING ACTIVITIES			
Additions to and deposit paid for purchase of property, plant and equipment		(209,069)	(203,342)
Additions to prepaid lease payment		(418)	—
Withdrawal of pledged bank deposits		—	34,000
Placement of pledged bank deposits		(54,000)	(67,500)
Proceeds from disposal of available-for-sale investment		266,044	—
Net cash inflow arising on acquisition of a subsidiary	12	15,970	—
Interest received		2,712	2,793
Proceeds from disposal of property, plant and equipment		1,250	1,620
Decrease in amount due from a related company		—	3,650
Purchases of investment in securities		—	(134,400)
		22,489	(363,179)
NET CASH USED IN FINANCING ACTIVITIES			
New bank loans raised		420,150	730,000
Repayment of bank loans		(530,000)	(690,000)
Dividend paid		(154,862)	(191,812)
Dividend paid to non-controlling shareholders		(41,000)	(41,000)
Interest paid		(19,914)	(24,379)
Payment for repurchase of ordinary shares		(10,753)	—
		(336,379)	(217,191)

	Six months ended 30 June	
	2015	2014
	(unaudited)	(unaudited)
	RMB'000	RMB'000
NET INCREASE IN CASH AND CASH EQUIVALENTS	286,960	108,028
CASH AND CASH EQUIVALENTS AT 1 JANUARY	530,910	414,222
CASH AND CASH EQUIVALENTS AT 30 JUNE represented by bank balances and cash	817,870	522,250

NOTES:

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting* issued by the International Accounting Standards Board (the "IASB") and the applicable disclosure requirements of Appendix 16 to 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 the investment properties and financial instruments which are measured at fair values.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2015 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2014.

In the current interim period, the Group has applied, for the first time, the following new amendments to International Financial Reporting Standards ("IFRSs") issued by the IASB that are relevant for the preparation of the Group's condensed consolidated financial statements.

Amendment to IAS 19	Defined Benefit Plans: Employee Contribution
Amendments to IFRSs	Annual Improvements to IFRSs 2010-2012 Cycle
Amendments to IFRSs	Annual Improvements to IFRSs 2011-2013 Cycle

The application of the above new amendments to IFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

3. SEGMENT INFORMATION

The directors of the Company ("Directors"), 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 sawing 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 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 Group's non-current assets (other than deferred tax assets) are located in the PRC.

4. OTHER LOSSES AND EXPENSES, NET

	Six months ended 30 June	
	2015	2014
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Impairment loss recognised on trade receivables	16,950	666
Written-off of trade receivables	1,112	800
Research and development expenditure	25,408	21,149
Exchange loss (gain), net	966	(228)
Loss on disposal of property, plant and equipment	1,299	5,561
Recovery of doubtful debts	(5,606)	(6,336)
	<u>40,129</u>	<u>21,612</u>

5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2015	2014
	(unaudited)	(unaudited)
	RMB'000	RMB'000
The charge comprises:		
Current tax		
Current period	25,858	68,401
Deferred taxation	(449)	(536)
	<u>25,409</u>	<u>67,865</u>

The tax charge in respect of the current and prior periods 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.

Jiangsu Xingda Steel Tyre Cord Co., Ltd. (“Jiangsu Xingda”) renewed its High-tech Enterprise Certificate which expired in 2011 with the relevant authorities and received the High-tech Enterprise Certificate on 22 April 2013. In accordance with the renewed High-tech Enterprise Certificate, the status of High-tech Enterprise is effective for the years 2013, 2014 and 2015. As a result, the tax rate of 15% is used to calculate the amount of current and deferred tax for the six months ended 30 June 2015 and 2014, as well as the year ended 31 December 2014.

At 30 June 2015, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised was RMB2,426 million other than Jiangsu Xingda Special Cord Co., Ltd. (31 December 2014: RMB2,165 million. No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

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

6. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging the following items:

	Six months ended 30 June	
	2015 (unaudited) RMB'000	2014 (unaudited) RMB'000
Depreciation of property, plant and equipment	232,542	214,770
Amortisation of prepaid lease payments	3,432	2,906
	<u>235,974</u>	<u>217,676</u>

7. DIVIDENDS

	Six months ended 30 June	
	2015 (unaudited) RMB'000	2014 (unaudited) RMB'000
Final dividend paid in respect of the year ended 31 December 2014 - 13.0 HK cents per share (2014: final dividend paid in respect of the year ended 31 December 2013 - 16.0 HK cents per share)	154,862	191,812
	<u>154,862</u>	<u>191,812</u>

No dividends were proposed during the reporting period. The Directors do not recommend the payment of an interim dividend.

8. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 June	
	2015	2014
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Earnings		
Earnings for the purpose of basic earnings per share (profit for the period attributable to owners of the Company)	146,715	201,998
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,510,455	1,524,777

There were no potential ordinary shares outstanding during the six months ended 30 June 2015 and 2014.

9. TRADE AND OTHER RECEIVABLES AND BILL RECEIVABLES

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

The following is an analysis of trade and bill receivables by age, net of allowance for doubtful debt, presented based on the invoice date at the end of the reporting period:

	As at 30 June 2015 (unaudited) RMB'000	As at 31 December 2014 (audited) RMB'000
Trade receivables		
0 - 90 days	1,487,451	1,417,477
91 - 120 days	169,436	215,274
121 - 180 days	279,783	214,540
181 - 360 days	170,196	128,198
Over 360 days	8,175	—
	2,115,041	1,975,489
Prepayment for spools	17,084	26,637
Other receivables and prepayments	26,705	24,327
Less: Allowance for doubtful debts on other receivables	(120)	(120)
	43,669	50,844
	2,158,710	2,026,333

	As at 30 June 2015 (unaudited) RMB'000	As at 31 December 2014 (audited) RMB'000
Bill receivables		
0 - 90 days	186,534	278,043
91 - 180 days	533,838	890,119
181 - 360 days	1,161,957	1,192,080
Over 360 days	152,146	132,845
	2,034,475	2,493,087

The Group reviewed the recoverability of long aged trade receivables on a case by case basis and an allowance for doubtful debts of approximately RMB16,950,000 (six months ended 30 June 2014: RMB666,000) has been recognised for long outstanding trade receivables for the period.

10. TRADE AND OTHER PAYABLES AND BILL PAYABLES

The following is an analysis of trade and bill payables by age, presented based on the invoice date at the end of the reporting period:

	As at 30 June 2015 (unaudited) RMB'000	As at 31 December 2014 (audited) RMB'000
Trade payables		
0 - 90 days	772,130	828,337
91 - 180 days	100,373	439,021
181 - 360 days	29,735	24,446
Over 360 days	4,062	2,695
	906,300	1,294,499
Value-added tax payable and other tax payables	46,110	43,014
Accrued staff costs and pension	131,750	202,309
Payables for purchase of property, plant and equipment	181,821	178,522
Accrued interest expense	2,617	1,393
Accrued electricity charges	51,679	53,322
Others	33,564	40,180
	447,541	518,740
	1,353,841	1,813,239

	As at 30 June 2015 (unaudited) RMB'000	As at 31 December 2014 (audited) RMB'000
Bill payables		
0 - 90 days	189,113	76,607
91 - 180 days	284,768	144,210
181 - 360 days	316,277	167,584
Over 360 days	31,413	30,172
	821,571	418,573

At the end of the reporting period, the Group's pledged bank deposits were used to secure on certain bill payables.

11. SHARE CAPITAL

	<u>Number of shares</u>		<u>Share capital</u>	
	30 June 2015 '000	31 December 2014 '000	30 June 2015 RMB'000	31 December 2014 RMB'000
Authorised:				
3 billion ordinary shares of HK\$0.10 each	3,000,000	3,000,000	301,410	301,410
Issued and fully paid:				
At beginning of period	1,515,287	1,524,777	150,251	150,999
Repurchase of shares	(5,220)	(9,490)	(413)	(748)
At end of period	1,510,067	1,515,287	149,838	150,251

During the period ended 30 June 2015, the Company repurchased its own shares through the Stock Exchange of Hong Kong Limited as follows:

	No. of ordinary shares at HK\$0.1 each '000	Price per share		Aggregate Consideration Paid	
		Highest HK\$	Lowest HK\$	HK\$'000	Equivalent to RMB'000
January 2015	5,220	2.70	2.49	13,531	10,753

The above shares were cancelled subsequently after their repurchase. Save as disclosed above, neither the Company nor any of the Company's subsidiaries purchased, sold or redeemed any of the Company's shares during the period ended 30 June 2015.

12. ACQUISITION OF A SUBSIDIARY

Pursuant to the revised shareholders' agreement and articles of association of Shandong Xingda Steel Tyre Cord Co., Ltd. ("Shandong Xingda") dated 24 January 2015 entered into between Faith Maple International Ltd. ("Faith Maple") and the other two shareholders of Shandong Xingda, they stipulate that major operating decisions, including approvals of annual budgets and agreement entered into with any parties as well as the related parties of the shareholders with an amount equal to or more than RMB5,000,000, shall be approved by a simple majority of Shandong Xingda's board of directors. According to the composition of Shandong Xingda's board, Faith Maple is entitled to nominate 3 out of 5 directors and the other 2 shareholders are entitled to nominate one director each. Accompanied with the unchanged 51% shareholding interest in Shandong Xingda, Faith Maple has obtained the control of Shandong Xingda after the amendment of shareholders' agreement and articles of association of Shandong Xingda. Accordingly, Shandong Xingda has been derecognised as a joint venture and recognised as a subsidiary of the Company with effective from 24 January 2015.

Before 24 January 2015, all the operational and financial decisions were required unanimous consent by all directors, appointed by the shareholders. Faith Maple had accounted for Shandong Xingda as joint venture using equity method.

Shandong Xingda is principally engaged in manufacturing and distribution of radial tire cords and bead wires and this company has not commenced operation for the year ended 31 December 2014.

Assets and liabilities recognised at the date of acquisition

	<i>RMB'000</i>
<i>Current assets</i>	
Prepaid lease payments	1,067
Cash and cash equivalents	15,970
Other receivables	18,893
Inventories	19,363
<i>Non-current assets</i>	
Property, plant and equipment	432,903
Prepaid lease payments	51,663
<i>Current liabilities</i>	
Other payables	(30,301)
<i>Non-current liabilities</i>	
Deferred tax liabilities	(4,449)
	<hr/>
	505,109
	<hr/> <hr/>

The assets and liabilities recognised at the date of acquisition were measured at fair value. The values have been arrived at on the basis of a valuation carried out on that day by Vigers Appraisal & Consulting Limited, independent qualified professional valuers not connected with the Group.

Non-controlling interests

The non-controlling interest (49%) in Shandong Xingda recognised at the acquisition date was measured by reference to the fair value of the non-controlling interest and amounted to approximately RMB247,503,000.

Goodwill arising on acquisition

	<i>RMB'000</i>
Fair value of consideration given for controlling interest	—
Fair value of previously held interest in a joint venture	257,606
Non-controlling interests	247,503
Less: recognised amount of identifiable net assets acquired (100%)	(505,109)
	<hr/>
Goodwill arising on acquisition	—
	<hr/> <hr/>

Net cash inflow arising on acquisition

	<i>RMB'000</i>
Consideration paid in cash	—
Less: cash and cash equivalent balances acquired	15,970
	<hr/>
	15,970
	<hr/> <hr/>

Gain on deemed disposal of a joint venture

	<i>RMB'000</i>
Fair value of previously held interest in a joint venture	257,606
Carrying amount of interest in a joint venture	(250,810)
Share of loss of a joint venture	11
	<hr/>
Gain on deemed disposal of a joint venture	6,807
	<hr/> <hr/>

Impact of acquisition on the results of the Group

Included in the profit for the interim period is a loss of RMB4,577,000 attributable to Shandong Xingda. Revenue for the interim period includes RMB59,811,000 attributable to Shandong Xingda.

Had the acquisition of Shandong Xingda been effected at the beginning of the interim period, the total amount of revenue of the Group for the six months ended 30 June 2015 would have been RMB2,440,909,000, and the amount of the profit for the interim period would have been RMB204,034,000. The pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of the interim period, nor is it intended to be a projection of future results.

MANAGEMENT DISCUSSION AND ANALYSIS

We are pleased to present the unaudited interim results of Xingda International Holdings Limited (the “Company”) and its subsidiaries (collectively the “Group” or “Xingda”) for the six months ended 30 June 2015.

During the first half of 2015, the domestic economy has maintained a stable upward trend aided by a number of policy initiatives implemented by the Chinese government, however the cool down of economic growth from trade to investment was recorded. Further consolidation of the radial tire cord industry resulted in a decline in the average selling price despite the continued elimination of excess production capacity, affecting the revenue of the Group during the period. The Group’s revenue decreased by 13.4% to RMB2,440.9 million (first half of 2014: RMB2,817.3 million). Gross profit decreased by 28.8% to RMB473.0 million (first half of 2014: RMB664.0 million). Gross profit margin dropped by 4.2 percentage points to 19.4% (first half of 2014: 23.6%). Profit attributable to owners of the Company decreased by 27.4% to RMB146.7 million (first half of 2014: RMB202.0 million). Basic earnings per share were RMB9.71 fen, representing a year-on-year decrease of 26.7%. The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2015.

As of 14 April 2015, Jiangsu Xingda, a subsidiary of the Company, disposed of 30,000,000 A shares of Guizhou Tyre Co., Ltd. (“Guizhou Tyre”) (stock code: 000589.SZ) to an independent third party at a total consideration, after expenses, of approximately RMB266.0 million. The realized gain of approximately RMB111.9 million has been reflected in the condensed consolidated statement of profit or loss and other comprehensive income during the period.

From 1 January 2015 to the date of this announcement, the Company has repurchased an aggregate of 14,422,000 share on the Stock Exchange of Hong Kong at an average price of approximately HK\$2.17 per share, commanding a total consideration, before expenses, of approximately HK\$31.3 million. The share repurchase reflects the Group’s solid financial position and the Board’s strong confidence in the Group’s future business prospects.

According to the China Association of Automobile Manufacturers, the total production volume and sales of China's trucks and passenger cars have decreased by 14.9% and 14.4% respectively year-on-year to approximately 1.77 million and 1.75 million in the first half of 2015. Besides, the output of tires in the first half of the year was 177 million units, of which approximately 159 million units were radial tires, representing a year-on-year decrease of 28.7%. The radialisation rate of tires is currently 89.8%, according to the China Rubber Industry Association. The above multiple factors have placed pressures on the development of the radial tire cord industry.

BUSINESS REVIEW

Facing the severe operating environment and fiercer competition, Xingda's management responded with precisely focused management measures and stronger corporate governance. As a result, Xingda maintained its industry leading position. Its total sales volume rose by 0.7% to 292,600 tonnes in the first half of 2015 and the sales volume of radial tire cords decreased by 0.1% to 251,100 tonnes, representing 85.8% of the Group's total sales volume (first half of 2014: 86.5%). Sales volume of bead wires grew by 8.8% to 40,600 tonnes, representing 13.9% of the Group's total sales volume (first half of 2014: 12.8%). The sales volume of sawing wires decreased by 52.6% to 900 tonnes, representing 0.3% of the Group's total sales volume (first half of 2014: 0.7%).

In the first half of 2015, the domestic long-distance transportation activities have been affected by slower growth in China's economy, resulting in weaker demand within the truck industry which were seen both in new orders and replacement demand during the reporting period. As such, the sales volume of the Group's primary product, radial tire cords for trucks, decreased by 7.9% to 153,100 tonnes. Regarding the Group's sales volume of radial tire cord for passenger cars, an increase of 15.2% to 98,000 tonnes was recorded, which was mainly driven by the new orders from overseas customers together with the growing replacement demand of the domestic automobile tire market. Sales of radial tire cords for trucks and passenger cars represented 61.0% and 39.0% of the Group's total sales volume of radial tire cord products respectively (first half of 2014: 66.1% and 33.9%).

Sales Volume

	Six months ended 30 June		Change
	2015 <i>Tonnes</i>	2014 <i>Tonnes</i>	
Radial Tire Cords	251,100	251,400	-0.1%
- For Trucks	153,100	166,300	-7.9%
- For Passenger Cars	98,000	85,100	+15.2%
Bead Wires	40,600	37,300	+8.8%
Sawing Wires	900	1,900	-52.6%
Total	292,600	290,600	+0.7%

In the first half of 2015, Xingda's domestic sales volume of radial tire cords dropped by 5.7% to 193,300 tonnes (first half of 2014: 205,000 tonnes), representing 77.0% of the Group's total sales volume for this product (first half of 2014: 81.5%). Whilst, the overseas sales volume of radial tire cords recorded an increase by 24.6% to 57,800 tonnes (first half of 2014: 46,400 tonnes), accounting for 23.0% of the Group's total sales volume of radial tire cords (first half of 2014: 18.5%).

As at 30 June 2015, the annual production capacity of the Jiangsu factory has reached 560,000 tonnes. Meanwhile, the new Shandong plant has commenced operation in the second quarter of 2015, with annual production capacity of phase one at 50,000 tonnes. The Group's combined total annual production capacity of radial tire cords is 610,000 tonnes. The annual production capacity of bead wire and sawing wire has remained at 100,000 tonnes and 12,000 tonnes, respectively. While the new Shandong plant has commenced operation in the second quarter, the overall utilisation rate of the Group was dropped to 80.3% (first half of 2014: 89.4%).

As at 30 June 2015, the Group offered a wide variety of products, including 232 types of radial tire cord, 70 types of bead wire and 13 types of sawing wire.

FINANCIAL REVIEW

Revenue

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

<i>RMB in million</i>	Six months ended 30 June				
	2015	Proportion	2014	Proportion	Change
		(%)		(%)	(%)
Radial Tire Cords	2,228.2	91	2,577.9	92	-13.6
- For Trucks	1,380.1	56	1,747.2	62	-21.0
- For Passenger Cars	848.1	35	830.7	30	+2.1
Bead Wires	195.3	8	201.8	7	-3.2
Sawing Wires	17.4	1	37.6	1	-53.7
Total	2,440.9	100	2,817.3	100	-13.4

During the reporting period, in the face of intense industry competition which was leading to further industry consolidation and possible elimination of excess production capacity, the Group has continued to strategically reduce the average selling price of radial tire cord in order to maintain its leading market share. As a result, the Group's total revenue decreased by 13.4% to RMB2,440.9 million (first half of 2014: RMB2,817.3 million).

Gross profit and gross profit margin

The Group's gross profit fell by 28.8% to RMB473.0 million (first half of 2014: RMB664.0 million). Gross profit margin dropped 4.2 percentage points to 19.4% (first half of 2014: 23.6%), due to more intense market competition and strategic downward adjustment of its average selling price.

Other income

Other income decreased by 16.9% to RMB16.2 million (first half of 2014: RMB19.5 million), due to the decrease in sales of scrap materials was partially offset by an increase in gain on deemed disposal of a joint venture.

Government grants

Government grants decreased by 6.1% to RMB13.9 million (first half of 2014: 14.8 million), due to the decrease in recurring subsidies from the local government.

Gain on disposal of available-for-sale investment

The gain on disposal of available-for-sale investment amounted to RMB111.9 million in the first half of 2015 represented a gain realized on selling the above mentioned shares of Guizhou Tyre in April 2015.

Selling and distribution expenses

Selling and distribution expenses increased by 2.7% to RMB173.0 million (first half of 2014: RMB168.4 million). The increase was mainly attributable to rising freight charges associated with higher export sales volume.

Administrative expenses and other losses and expenses, net

Administrative expenses increased by 13.1% to RMB151.3 million (first half of 2014: RMB133.8 million), mainly attributable to an increase in depreciation charges on office premises and facilities. Other losses and expenses, net increased by 85.6% to RMB40.1 million (first half of 2014: RMB21.6 million) as a result of the increase in impairment loss recognised on trade receivables and research and development costs.

Finance costs

Finance costs dropped by 13.5% to RMB21.1 million (first half of 2014: RMB24.4 million). The decrease was mainly due to the drop of both average balance of bank borrowings and weight average interest rate.

Income tax

The Group's income tax charge decreased by 62.6% to RMB25.4 million (first half of 2014: RMB67.9 million). If the gain on disposal of available-for-sale investment was excluded, the profit before taxation of the Group for the six months ended 30 June 2015 would have been RMB117.6 million and the effective tax rate would become 21.6% (first half of 2014: 19.4%).

Net profit

Taking the above factors into account, the Group's net profit for the six months ended 30 June 2015 decreased by 27.7% to RMB204.0 million (first half of 2014: RMB282.3 million). If the gain on disposal of available-for-sale investment from non-operating activities, deferred tax charges related to provision of withholding tax and net exchange loss arising from non-operating activities were excluded, the adjusted net profit of the Group for the six months ended 30 June 2015 would have been RMB95.5 million, representing a decrease of RMB195.6 million or 67.2% when compared with the same period in previous year.

Reconciliation of report profit and underlying profit

	Six months ended 30 June	
	2015	2014
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Profit for the period	204,044	282,280
Gain on disposal of available-for-sale investment from non-operating activities	(111,897)	—
Deferred tax charges related to the provision of withholding tax	915	2,816
Net exchange loss arising from non-operating activities	2,444	6,005
	<hr/>	<hr/>
Underlying profit for the period	95,506	291,101
	<hr/> <hr/>	<hr/> <hr/>
Underlying profit for the period attributable to:		
Owners of the Company	72,261	210,819
Non-controlling interests	23,245	80,282
	<hr/>	<hr/>
	95,506	291,101
	<hr/> <hr/>	<hr/> <hr/>

LIQUIDITY, CAPITAL RESOURCES AND CAPITAL STRUCTURE

During the period, there was no significant change in the Group's funding and treasury policy. The principal source of liquidity and capital resources was cash flow generated from operating activities and proceeds from disposal of available-for-sale investment whereas the principal uses of cash were expansion of production capacity, payment of dividends, repayment of bank loans and payment for repurchase of ordinary shares.

Bank balances and cash including bank deposits of the Group increased by RMB287.0 million from RMB530.9 million as at 31 December 2014 to RMB817.9 million as at 30 June 2015. The increase was due to the cash generated from operating activities of RMB600.9 million and investment activities of RMB22.5 million exceeding the cash used in financing activities of RMB336.4 million.

Bank borrowings were reduced by RMB109.9 million or 13.5% to RMB705.8 million as at 30 June 2015 from RMB815.7 million as at 31 December 2014. The bank borrowings carried interest at market rates from 1.43% to 5.70% (first half of 2014: 5.32% to 6.00%) and were repayable within one year.

As at 30 June 2015, the Group's current assets increased by 0.1% to RMB5,614.0 million (31 December 2014: RMB5,608.6 million). Current liabilities decreased by 5.2% to RMB2,945.4 million (31 December 2014: RMB3,107.5 million). The Group's current ratio (being defined as current assets over current liabilities) increased to 1.91 times (31 December 2014: 1.80 times). The increase was mainly caused by the increase in bank balances and cash and decrease in bank borrowings repayable within one year. The gearing ratio (being defined as total debts to total assets) as at 30 June 2015 was 7.0% (31 December 2014: 8.1%). The decrease in gearing ratio was caused by the decrease in bank borrowings repayable within one year.

FOREIGN EXCHANGE RISK

The Group's sales and purchases were principally denominated in renminbi, US dollars and euros. Part of the sales proceeds in US dollars and euros have been used to purchase imported raw materials in the same currencies, while the exchange rate fluctuation of renminbi did not have a significant adverse effect on the operating results of the Group in the first half of 2015.

Apart from certain bank balances, debtors' balances and bank borrowings in US dollars, euros and Hong Kong dollars, most of the assets and liabilities of the Group were denominated in renminbi. Therefore, the Group was not exposed to significant foreign exchange risk. During the period under review, exchange rate fluctuation had not caused any material adverse effect on the operation or liquidity of the Group. Accordingly, the Group did not enter any financial derivative instruments to hedge against foreign exchange currency exposure 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 2015, capital expenditure for property, plant and equipment amounted to RMB212.4 million (first half of 2014: RMB223.1 million).

CAPITAL COMMITMENTS

As at 30 June 2015, the Group had made a capital commitment of approximately RMB188.2 million (31 December 2014: RMB143.5 million) for acquisition of property, plant and equipment contracted for but not provided in the financial statements. The Group did not make any capital commitment for acquisition of property, plant and equipment authorised but not contracted as at 30 June 2015 and 31 December 2014.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 30 June 2015 and 31 December 2014 respectively.

PLEDGE OF ASSETS

As at 30 June 2015, the Group pledged bank deposits of RMB62.0 million to a bank to secure bill payables of the Group (31 December 2014: RMB8.0 million).

SIGNIFICANT INVESTMENTS

On 14 April 2015, Jiangsu Xingda, a subsidiary of the Company, disposed of 30,000,000 A shares of Guizhou Tyre to the Purchaser, an independent third party, for an aggregate consideration, after expenses, of approximately RMB266.0 million pursuant to an agreement entered into between Jiangsu Xingda and the Purchaser. Upon completion of the Disposal, the Group no longer holds any shares in Guizhou Tyre.

SIGNIFICANT ACQUISITIONS AND DISPOSALS

Other than the disposal of an investment as mentioned in the above paragraph, the Group had no other significant acquisitions and disposals for the six months ended 30 June 2015 and 2014.

HUMAN RESOURCES

As at 30 June 2015, the Group had approximately 6,200 full time employees (31 December 2014: approximately 6,500). Total staff costs including directors' remuneration for the six months ended 30 June 2015 was approximately RMB251.5 million (first half of 2014: approximately RMB261.8 million). Salaries are generally reviewed with reference to employees' merit, qualifications and competence. The calculation of bonuses was based on an evaluation of individual efforts and contributions to the financial performance of the Group. The Group also continues to provide training programs for staff to enhance their technical and product knowledge as well as awareness of industry quality standards.

In addition to salaries and bonuses, the Group also provides various benefits to employees through the Labor Union of Jiangsu Xingda (“Xingda Labor Union”). Each year, Jiangsu Xingda contributes 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 2015, the amount of Union Fees contributed by Jiangsu Xingda to the Xingda Labour Union was RMB3.9 million (first half of 2014: RMB4.0 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 ownership. 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 (the “First Batch Shares”) were purchased by the trustee on the public market. In 2011, another 5,000,000 shares (the “Second Batch Shares”) were purchased by the trustee on the public market. In 2013, 10,481,000 shares 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 Company’s shares were purchased by the trustee on the public market and were added to the Third Batch Shares.

As at 30 June 2015, all the First Batch Shares and the Second Batch Shares have been vested with selected employees. All the Third Batch Shares are to be vested with selected employees in a three-year period from 2016 onwards.

PROSPECTS

To address the current challenging market landscape, the Group resolves to improve its operations internally as well as its external relations with its customers. As for internal strategies, the Group is focusing on enhancing management procedures and efficiency, broadening income sources and reducing expenditure while boosting its production efficiency. Externally, based on its solid business foundation, the Group is committed to maintaining the quality of radial tire cord products to gain the continued trust of and support from customers, and exploring new markets.

Currently, the fierce competition has suppressed product prices of radial tire cords, subsequently accounting for the industry-wide decline in gross profit margin. A consolidation of the industry has begun in which those efficient and advanced enterprises survive and the weaker ones with backward operations are on the brink of closure. Xingda due to its solid financial position stands out as an industry leader. The Group believes that the industry shakeout will favour its development in the long run. Industry consolidation should also promote a more efficient utilisation of resources while boosting product quality and production efficiency, thus creating greater scope for generating profits for the winners.

Facing the greater pressure of an economic downturn, the Chinese government has initiated a range of economic stimulus measures including several rounds of interest rate and deposit reserve ratio reductions. The government has also expedited the pace of approving and launching projects, including but not limited to railways, environmental protection and affordable housing. These measures are intended to secure steady growth with collateral macroeconomic benefits over the medium-to-long run. On the other hand, the “One Belt, One Road” strategic directive is now taking shape under the Central Government’s guidance. The geographic footprint of “One Belt, One Road” stretching across Asia to reach Europe and Africa could serve as a powerful engine to drive demand for infrastructure, thereby spurring growth in truck ownership and the domestic consumption of radial tires as well as creating scope for recovery of the radial tire cord market over the long run.

In its preparations to meet the challenges ahead, the Group believes that only those enterprises who are well-prepared and well-equipped can seize available market opportunities. The Group also believes it is well-prepared to take the lead in facilitating a new round of overall industrial development in the future after industry consolidation.

INTERIM DIVIDEND

The Board of the Company does not recommend the payment of interim dividend for the six months ended 30 June 2015.

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 14 of the Listing Rules throughout the six months ended 30 June 2015, except for the following:-

Code provision A.2.1 which provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The chairman of the Board, Mr. Liu Jinlan, provides overall leadership for the Board and takes the lead to ensure that the Board acts in the best interest of the Company. The Company does not have the position of chief executive and the daily operation of the Group is assigned among the executive Directors. In addition to the fact that the responsibilities of the chairman are shared by the remaining executive Directors, the Executive Committee of the Company which has been established for determining, approving and overseeing the day-to-day control over the allocation of the Group's resources also segregates the duties of Mr. Liu Jinlan.

Code Provision A.4.1 provides that non-executive Directors should be appointed for a specific term and be subject to re-election. The Company has not fixed the term of appointment for its non-executive Director, Ms. Wu Xiaohui, since she is subject to retirement by rotation at least once every three years and re-election at the annual general meeting of the Company in accordance with the Articles of Association of the Company.

Code provision A.6.7 provides that independent non-executive Directors and non-executive Directors should attend general meetings. All the Directors of the Company were unable to attend the annual general meeting of the Company held on 21 May 2015 due to the flight delays of all executive Directors under adverse weather conditions and other business engagements and commitments of the independent non-executive Directors and non-executive Director. The company secretary of the Company was elected as the Chairman of the annual general meeting and the head of the investor relations department replied the questions from the shareholders attending the annual general meeting. All the Directors of the Company subsequently requested the company secretary of the Company to report to each of them on the views of the shareholders of the Company in the annual general meeting. As such, the Board considers that the development of a balanced understanding of the views of shareholders among the Directors was ensured.

In compliance with the code provisions of the Corporate Governance Code, the Company has set up the Audit Committee, the Remuneration and Management Development Committee and the Nomination Committee, and the Board has been responsible for performing the corporate governance duties as set out in the code provisions.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 of the Listing Rules as the code of conduct regarding Directors’ securities transactions. After having made specific enquiry with all Directors, the Company has received confirmations from all Directors that they have complied with the required standards set out in the Model Code during the six months ended 30 June 2015.

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

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

For the six months ended 30 June 2015, the Company repurchased 5,220,000 shares through the Stock Exchange at a total consideration, before expenses, of approximately HK\$13.5 million. Such shares have been cancelled up to the date of this announcement. Details of repurchase are as follows:

Month of repurchase	Number of ordinary shares repurchased	Repurchasing price for each share		Aggregate consideration paid	
		Highest HK\$	Lowest HK\$	HK\$ Million	Equivalent to RMB Million
January 2015	<u>5,220,000</u>	2.70	2.49	<u>13.5</u>	<u>10.7</u>

Save as disclosed above, 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 2015.

REVIEW OF INTERIM FINANCIAL STATEMENTS

The Audit Committee of the Company together with the external auditor and the management 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 2015.

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

Shanghai, the PRC, 26 August 2015

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