



XINGDA INTERNATIONAL HOLDINGS LIMITED 興達國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 1899)

2007 Annual Results

Corporate Presentation



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Agenda

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



Financial Review



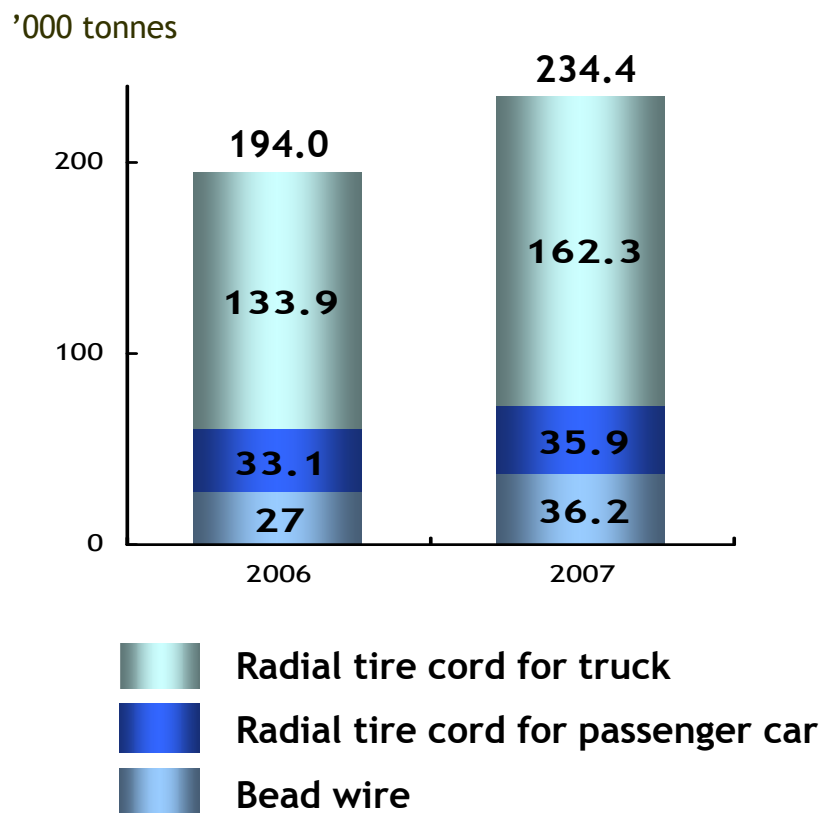
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Financial Highlights

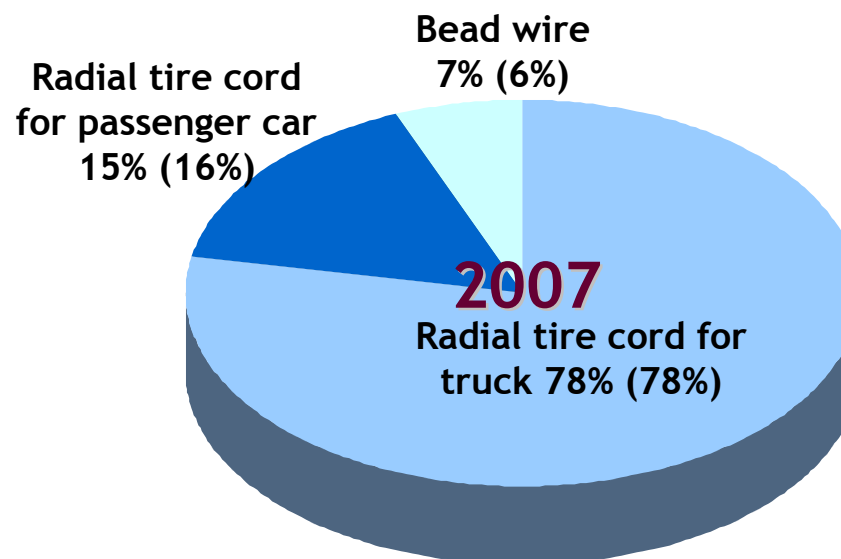
<i>RMB'million</i>	For the year ended 31 December		Change
	2006	2007	
Revenue	2,516	2,778	+10.4%
Gross profit	732	702	-4.1%
Gross profit margin	29.1%	25.3%	-3.8 % pts
Profit attributable to equity holders of the Company	194	345	+77.8%
Basic EPS (<i>RMB fen</i>)	21.31	25.97	+21.9%
Profit attributable to equity holders of the Company BEFORE CB adjustment and FX	338	294	-13.0%

Revenue Analysis

Shipment by product



Revenue by product

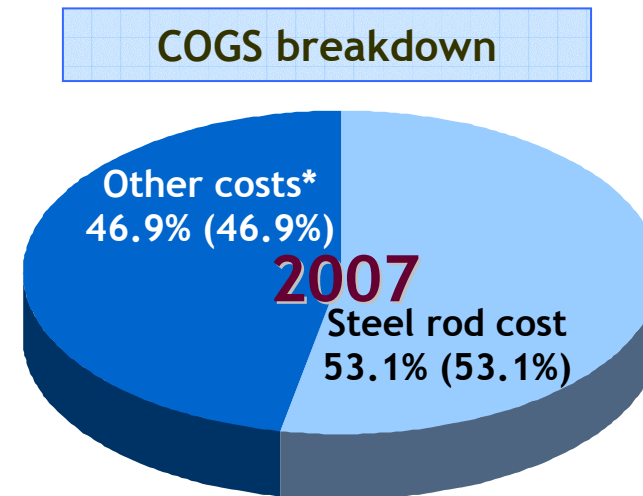


Figures of FY2006 in brackets

For the year ended 31 December

Cost of Sales

- ❖ Raw material accounted for 69.4% of the total COS (2006: 71.6%)
- ❖ Steel rod cost to total COS maintained due to
 - ❖ Increasing procurement of domestic high-end steel wire rods to enjoy a lower overall unit price
 - ❖ Strengthened relationship with suppliers to secure stable steel rod price



For the year ended 31 December

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

Key Figures

	Year ended 31 December	
	2006	2007
Cash on hand (HK\$ 'mil)	1,370	974
Current ratio (times)	1.92	1.47
Trade receivable turnover days*	115 days	109 days
Trade payable turnover days	37 days	32 days
Inventory turnover days	46 days	51 days
Net debt to equity (%)	38.8%	14.9%

**Adjusted for the value-added tax effect*



Business Overview



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Major Moves - Corporate

- ❖ **Maintain leading position in China and is one of the world largest independent radial tire cord manufacturers**
- ❖ **New expansion plan started bringing profit**
 - ❖ The 90%-interest-holdings-JV established in June 2007 has commenced production and sale of radial tire cords and bead wires
- ❖ **Corporate decision to enhance shareholders' value**
 - ❖ Made 11 repurchases involving a total of 21,328,000 shares, equivalent to 1.54% of the total issued shares as at the end of 2007
 - ❖ Controlling shareholder purchased a total of 3,232,000 shares

Major Moves - Operations

- ❖ Secured several new overseas customers
- ❖ Developed 37 new types of radial tire cords and 12 new types of bead wires
- ❖ Market reached equilibrium favored the gradual increase of selling price
 - ❖ Raised the selling price of both radial tire cords and bead wires on 1 January 2008
- ❖ Matched pricing with cost to secure gross margin
 - ❖ Changed the pricing strategy from annual basis to quarterly to align with the steel rod procurement contracts

Industry Growth in China

- ❖ Became the global 2nd largest consumer and 3rd largest automobiles producer country with nearly 9 million vehicles produced, a YOY growth of 22%*
- ❖ Total tire output rose by 18% YOY to 330 million units
- ❖ Radial tire output up by 28% YOY to 230 million units, representing a rise of 28% YOY, achieved a radialization rate of about 70%
- ❖ Exported more than 141 million units, 27.3% YOY growth

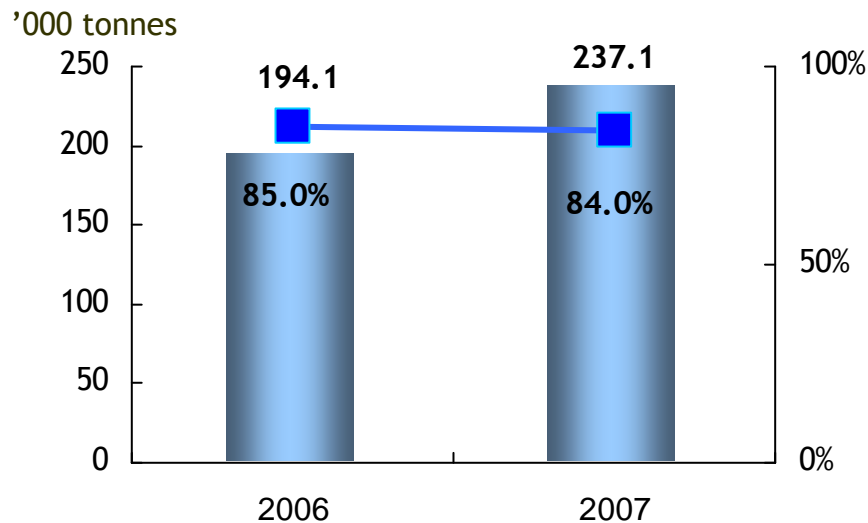
Sustainable strong market demand stabilizing the ASP in 2H07

**According to China Association of Automobile Manufacturers*

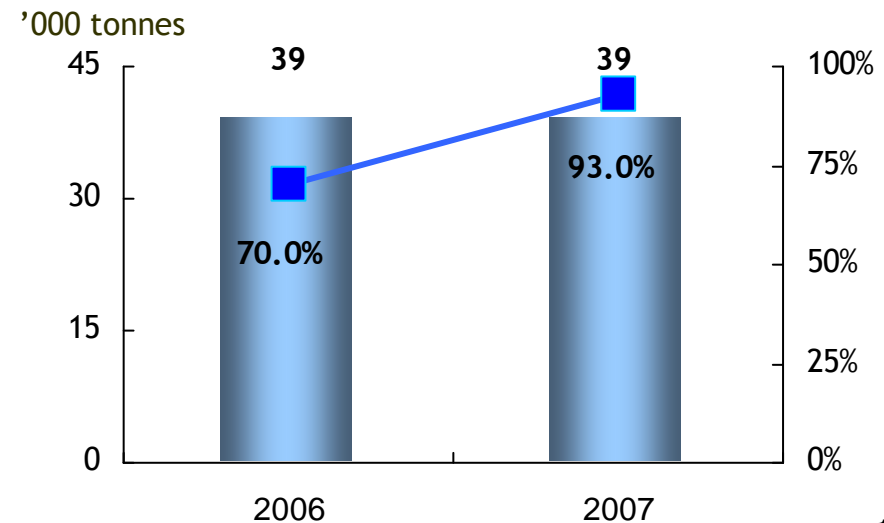
Capacity Growth

- ❖ Better than expected expansion progress of the new factory
- ❖ Production capacity for radial tire cords increased by 22.2% YOY
- ❖ Utilization of bead wires boosted to 93%

Radial tire cords
capacity & utilization rate



Bead wires
capacity & utilization rate



For the year ended 31 December



Outlook & Strategies

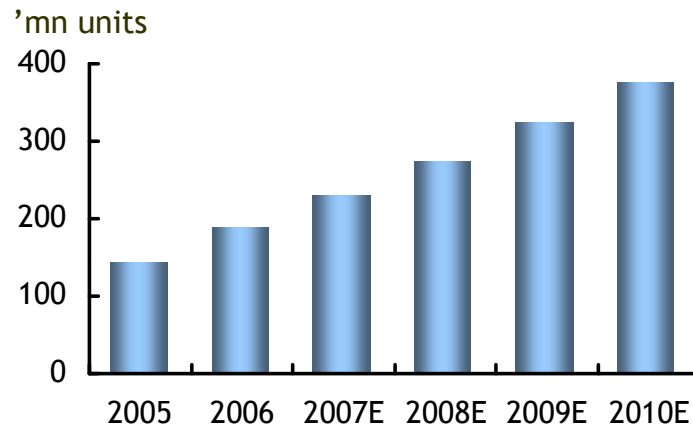


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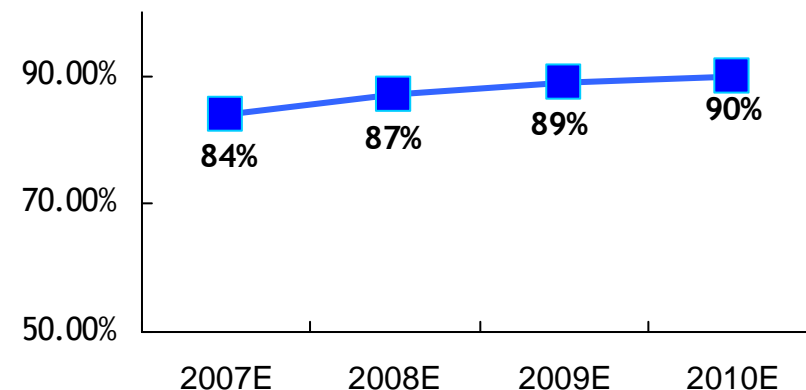
Industry Outlook

- ❖ China demand for radial tire cords will exceed 800,000 tonnes in 2008, an increase of over 25% YOY
- ❖ China radialization rate will grow to about 80-90% by 2010
- ❖ Government aims to raise radialization rate to nearly 100% in 2015

China's radial tire sales estimated to grow at a 18% CAGR over 2007E-2010E



Estimated radialization in China's auto tire industry



Sources: China Rubber Industry Association's statistics and forecast, Gao Hua Securities Research and other authoritative organizations

Precise Strategies

❖ Organic expansion

- ❖ Boost the total production capacity for radial tire cords to 400,000 tonnes by 2011
- ❖ Increase the annual production capacity for high performance radial tire cords by 40,000 to 50,000 tonnes a year in the next three years

❖ Seek for acquisition opportunities

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

Market Expansion

❖ Fortify relationships with customers

- ❖ Strengthen relationships with China top 10 tire manufacturers
- ❖ Explore markets in North America, Europe and Japan

❖ Strive for more supplier contracts

- ❖ Seek for new supplier contracts with China top-rank tire manufacturers
- ❖ Expect to be approved by more overseas customers such as Japanese and European tire enterprises in the coming years

Enhance Capability & Efficiency

❖ Strengthen quality & R&D

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

❖ Strive to further reduce steel rod cost

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



Open Forum



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