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)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

FINANCIAL HIGHLIGHTS

	2012 *RMB in million*	2011 *RMB in million*	Change
Revenue	**5,246.9**	5,551.4	**-5.5%**
Gross profit margin	**20.4%**	23.4%	**-3.0pp**
Profit attributable to owners of the Company	**188.8**	418.1	**-54.8%**
Adjusted profit attributable to owners of the Company (note)	**243.6**	435.5	**-44.1%**
Net cash generated from operating activities	**1,162.8**	459.2	**+153.2%**
Gearing ratio	**12.7%**	18.4%	**-5.7pp**
Net debts to equity ratio	**13.9%**	23.1%	**-9.2pp**
Proposed final dividend/Final dividend per share (HK cents)	**15.0**	20.0	**-25.0%**
Dividend payout ratio	**98.2%**	59.1%	**+39.1pp**

Note: It is defined as profit attributable to owners of the Company excluding deferred tax charge related to the provision of withholding tax and exchange difference arising from non-operating activities. Please refer to "Reconciliation of report profit and underlying profit" under "Financial Review" in "Management Discussion and Analysis" section of this announcement for details.

RESULTS

The board of directors (the "Board") of Xingda International Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2012 together with the comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2012

	NOTES	**2012** ***RMB'000***	2011 *RMB'000*
Revenue	5	**5,246,909**	5,551,400
Cost of sales		**(4,176,812)**	(4,252,930)
Gross profit		**1,070,097**	1,298,470
Other income	6	**76,914**	80,347
Government grants		**17,945**	63,954
Selling and distribution expenses		**(356,738)**	(341,047)
Administrative expenses		**(223,333)**	(231,472)
Other expenses and losses, net	7	**(85,661)**	(81,755)
Finance costs	8	**(111,375)**	(95,065)
Share of profit (loss) of a jointly controlled entity		**5,956**	(1,876)
Profit before tax		**393,805**	691,556
Income tax expense	9	**(134,429)**	(128,901)
Profit and total comprehensive income for the year	10	**259,376**	562,655
Profit and total comprehensive income for the year attributable to:			
Owners of the Company		**188,786**	418,118
Non-controlling interests		**70,590**	144,537
		259,376	562,655
Earnings per share	12		
Basic (RMB fen)		**12.38**	27.42

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

	NOTES	**2012** *RMB'000*	2011 *RMB'000*
ASSETS AND LIABILITIES			
NON-CURRENT ASSETS			
Property, plant and equipment		**3,893,192**	3,949,266
Prepaid lease payments		**241,839**	244,651
Investment properties		**130,200**	124,000
Interest in a jointly controlled entity		**248,720**	242,764
Deferred tax assets		**26,637**	17,064
Prepayment		**16,000**	4,000
Deposits paid for purchase of property, plant and equipment		**13,403**	45,359
		4,569,991	4,627,104
CURRENT ASSETS			
Prepaid lease payments		**5,812**	5,812
Inventories		**433,303**	671,540
Trade and other receivables	13	**3,774,660**	3,902,158
Pledged bank deposits		**58,000**	108,320
Bank balances and cash		**521,441**	730,856
		4,793,216	5,418,686
CURRENT LIABILITIES			
Trade and other payables	14	**1,734,564**	1,833,569
Amount due to a director		**—**	48
Amount due to a related company		**2,004**	2,388
Tax payable		**56,984**	58,644
Bank borrowings - due within one year		**1,190,000**	1,850,000
Government grants		**10,000**	—
		2,993,552	3,744,649
NET CURRENT ASSETS		**1,799,664**	1,674,037
TOTAL ASSETS LESS CURRENT LIABILITIES		**6,369,655**	6,301,141
NON-CURRENT LIABILITIES			
Government grants		**—**	10,000
Deferred tax liabilities		**59,136**	1,175
		59,136	11,175
NET ASSETS		**6,310,519**	6,289,966

	NOTE	**2012**	2011
		RMB'000	*RMB'000*
CAPITAL AND RESERVES			
Share capital	15	**150,999**	150,999
Reserves		**4,647,985**	4,698,022
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**4,798,984**	4,849,021
NON-CONTROLLING INTERESTS		**1,511,535**	1,440,945
TOTAL EQUITY		**6,310,519**	6,289,966

NOTES

1. GENERAL

The Company is a limited company incorporated in the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The registered office of the Company is located at Cricket Square, Hutchins Drive, P. O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of its business is Xinghua City, Jiangsu Province, The People's Republic of China (the "PRC").

The consolidated financial statements are presented in Renminbi ("RMB") which is also the functional currency of the Company and its subsidiaries (the "Group").

The Company is an investment holding company and the Group is engaged in the manufacture and trading of radial tire cords, bead wires and sawing wires.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

In the current year, the Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board ("IASB").

Amendments to IAS 12	*Deferred Tax: Recovery of Underlying Asset; and*
Amendments to IFRS 7	*Financial Instruments: Disclosures - Transfers of Financial Assets.*

Except as described below, the application of the amendments to IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to IAS 12 Deferred Tax: Recovery of Underlying Assets

The Group has applied for the first time the amendments to IAS 12 *Deferred Tax: Recovery of Underlying Assets* in the current year. Under the amendments, investment properties that are measured using the fair value model in accordance with IAS 40 *Investment Property* are presumed to be recovered entirely through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The Group measures its investment properties using the fair value model. As a result of the application of the amendments to IAS 12, the directors reviewed the Group's investment property portfolios and concluded that all of the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the directors have determined that the 'sale' presumption set out in the amendments to IAS 12 is rebutted. Since the Group recognised deferred taxes on changes in fair value of investment properties on the basis that the entire carrying amounts of the properties were recovered through use previously, the application of the amendments to IAS 12 has had no material impact on the results and the financial position of the Group.

Amendments to IFRS 7 Disclosures - Transfers of Financial Assets

The Group has applied for the first time the amendments to IFRS 7 *Disclosures - Transfers of Financial Assets* in the current year. The amendments increase the disclosure requirements for transactions involving the transfer of financial assets in order to provide greater transparency around risk exposures when financial assets are transferred.

The Group has arrangements with various suppliers to transfer to the suppliers its contractual rights to receive cash flows from certain notes receivables. The arrangements are made through endorsing those receivables to suppliers on a full recourse basis. Specifically, if the notes receivables are not paid at maturity, the suppliers have the right to request the Group to pay the unsettled balance. As the Group has not transferred the significant risks and rewards relating to these notes receivables, it continues to recognise the full carrying amount of the receivables. The relevant disclosures have been made regarding the transfer of these trade receivables on application of the amendments to IFRS 7. In accordance with the transitional provisions set out in the amendments to IFRS 7, the Group has not provided comparative information for the disclosures required by the amendments.

New and revised IFRSs issued but not yet effective

The Group has not early applied the following new and revised IFRSs that have been issued but are not yet effective:

Amendments to IFRSs	Annual Improvements to IFRSs 2009 - 2011 Cycle[1]
Amendments to IFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities[1]
Amendments to IFRS 9 and IFRS 7	Mandatory Effective Date of IFRS 9 and Transition Disclosures[3]
Amendments to IFRS 10, IFRS 11 and IFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[1]

Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities[2]
IFRS 9	Financial Instruments[3]
IFRS 10	Consolidated Financial Statements[1]
IFRS 11	Joint Arrangements[1]
IFRS 12	Disclosure of Interests in Other Entities[1]
IFRS 13	Fair Value Measurement[1]
IAS 19 (as revised in 2011)	Employee Benefits[1]
IAS 27 (as revised in 2011)	Separate Financial Statements[1]
IAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[1]
Amendments to IAS 1	Presentation of Items of Other Comprehensive Income[4]
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities[2]
IFRIC - Int 20	Stripping Costs in the Production Phase of a Surface Mine[1]

1 Effective for annual periods beginning on or after 1 January 2013.

2 Effective for annual periods beginning on or after 1 January 2014.

3 Effective for annual periods beginning on or after 1 January 2015.

4 Effective for annual periods beginning on or after 1 July 2012.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In May 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including IFRS 10, IFRS 11, IFRS 12, IAS 27 (as revised in 2011) and IAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

IFRS 10 replaces the parts of IAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements. SIC-Int 12 *Consolidation - Special Purpose Entities* will be withdrawn upon the effective date of IFRS 10. Under IFRS 10, there is only one basis for consolidation, that is, control. In addition, IFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in IFRS 10 to deal with complex scenarios.

IFRS 11 replaces IAS 31 *Interests in Joint Ventures*. IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. SIC - Int 13 *Jointly Controlled Entities - Non-monetary Contributions by Venturers* will be withdrawn upon the effective date of IFRS 11. Under IFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under IAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under IFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under IAS 31 can be accounted for using the equity method of accounting or proportionate consolidation.

IFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than those in the current standards.

In June 2012, the amendments to IFRS 10, IFRS 11 and IFRS 12 were issued to clarify certain transitional guidance on the application of these five IFRSs for the first time.

These five standards, together with the amendments relating to the transitional guidance, are effective for annual periods beginning on or after 1 January 2013. The directors of the Company ("Directors") anticipate that the application of these five standards will have no material impact on the results and the financial position of the Group. In relation to the application of IFRS 11, the jointly controlled entity will be classified as a joint venture in terms of IFRS 11 and be accounted for using equity method. As the jointly controlled entity is currently being accounted for using equity method of accounting, the application of IFRS 11 will have no impact on the results and the financial position of the Group.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in IFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under IFRS 7 Financial Instruments: Disclosures will be extended by IFRS 13 to cover all assets and liabilities within its scope.

IFRS 13 is effective for annual periods beginning on or after 1 January 2013. The directors anticipate that the application of the new standard will not affect amounts reported in the consolidated financial statements, but result in more extensive disclosures for investment properties, which are measured at their fair value, in the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for certain properties which are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

4. SEGMENT INFORMATION

The 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 and 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.

Revenue from major products

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

	Year ended	
	2012	2011
	RMB'000	*RMB'000*
Radial Tire Cords		
- For Trucks	**3,214,005**	3,408,996
- For Passenger Cars	**1,499,794**	1,509,426
Bead Wires	**383,600**	417,934
Sawing Wires	**149,510**	215,044
	5,246,909	5,551,400

Geographical information

Information about the Group's revenue from operations from external customers is presented based on the location of the goods delivered.

	2012	2011
	RMB'000	*RMB'000*
The PRC (country of domicile)	**4,199,506**	4,591,110
Korea	**277,740**	245,914
United States of America	**174,913**	213,119
India	**113,312**	79,067
Germany	**90,316**	117,539
Others	**391,122**	304,651
	5,246,909	5,551,400

"Others" included revenue from various countries which are individually immaterial to the Group's total revenue.

Information about major customers

Revenues from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2012	2011
	RMB'000	*RMB'000*
Customer 1	**641,789**	568,733

5. REVENUE

Revenue represents amounts received and receivable for sales of radial tire cords, bead wires and sawing wires in the normal course of business, net of discount.

6. OTHER INCOME

	2012	2011
	RMB'000	*RMB'000*
Sales of scrap materials	**40,174**	53,362
Interest income earned on bank balances and bank deposits	**7,980**	6,087
Cash discounts received on early settlement of trade payables	**6,775**	5,742
Gain on fair value change of investment properties	**6,200**	2,000
Sundry income	**15,785**	13,156
	76,914	80,347

7. OTHER EXPENSES AND LOSSES, NET

	2012	2011
	RMB'000	*RMB'000*
Write-off of property, plant and equipment	**—**	135,373
Recovery from insurance claims	**—**	(128,897)
Proceeds on scrap sales of fire loss	**—**	(6,418)
Loss on disposal of property, plant and equipment	**2,672**	2,832
Total loss relating to disposal/ write-off of property, plant and equipment	**2,672**	2,890
Research and development expenditure	**36,170**	29,530
Impairment loss recognised on trade and other receivables	**47,503**	—
Write-off of trade receivables	**680**	10,800
Exchange (gain) loss, net	**(1,364)**	38,535
	85,661	81,755

8. FINANCE COSTS

	2012	2011
	RMB'000	*RMB'000*
Interest on:		
Bank loans wholly repayable within five years	**115,333**	106,834
Less: amounts capitalised in property, plant and equipment	**(3,958)**	(11,769)
	111,375	95,065

9. INCOME TAX EXPENSE

	2012	2011
	RMB'000	*RMB'000*
The charge comprises:		
Current tax		
Current year	**84,225**	130,689
Underprovision in prior year	**1,816**	—
Deferred taxation	**48,388**	(1,788)
	134,429	128,901

The tax charge represents income tax in the PRC which is calculated at the prevailing tax rate of 25% for both years 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 of the Company is 25% from 1 January 2008 onwards except for the subsidiaries described below.

On 11 September 2009, Jiangsu Xingda Steel Tyre Cord Co., Ltd. ("Jiangsu Xingda") was accredited as a High-tech Enterprise, a preferential tax rate of 15% was granted by the relevant tax bureaus in Jiangsu province. In accordance with the High-tech Enterprise Certificate, the status of High-tech Enterprise is effective for the years 2009, 2010 and 2011. During the year ended 31 December 2012, Jiangsu Xingda has started the renewal process of its High-tech Enterprise status. As at 31 December 2012 and up to the date of these consolidated financial statements were authorised for issuance, such certificate is not yet obtained. Nevertheless, Jiangsu Xingda was included in the published list of approved High-tech Enterprises (關於公示江蘇省 2012 年第三批複審通過高新技術企業名單的通知（蘇高企協[2012]22 號）) on 5 November 2012, as an approved High-tech Enterprise. The management is of the opinion that the certificate will soon be obtained and accordingly this preferential tax rate continued to be used. As a result, the tax rate of 15% is used to calculate the amount of current and deferred taxation.

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

The tax charge for the year can be reconciled to the profit before tax per the consolidated statement of comprehensive income as follows:

	2012	2011
	RMB'000	*RMB'000*
Profit before tax	**393,805**	691,556
Tax at the PRC tax rate of 25% (2011: 25%)	**98,451**	172,889
Tax effect of expenses not deductible for tax purposes	**9,224**	21,408
Tax effect of income not taxable for tax purposes	**(727)**	(9,070)
Tax effect of preferential tax rate	**(26,792)**	(58,340)
Tax effect of deductible temporary differences not recognised	—	16
Tax effect of share of (profit) loss of a jointly controlled entity	**(1,489)**	469
Underprovision in prior year	**1,816**	—
Withholding tax (Note (i))	**56,411**	—
Others	**(2,465)**	1,529
Tax charge for the year	**134,429**	128,901

Note (i): Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards at a tax rate of 10%. In 2012, one of the PRC subsidiaries, Jiangsu Xingda Special Cord Co., Ltd. ("Xingda Special Cords") proposed to distribute dividends to its immediately holding company, Faith Maple International Ltd.("Faith Maple") which was not accredited as a PRC tax resident as at 31 December 2012 and up to the date of these consolidated financial statements which were authorised for issuance. As a result, a deferred tax related to the withholding tax provision of approximately RMB56,411,000 was provided in these consolidated financial statements on all the accumulated distributable profits of Xingda Special Cords starting from1 January 2008. No deferred taxation has been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries other than Xingda Special Cords amounting to RMB1,650 million (2011: RMB1,978 million), as the Group is able to control the timing of the reversal of the temporary differences of these PRC subsidiaries and it is probable that the temporary differences will not reverse in the foreseeable future.

10. PROFIT FOR THE YEAR

	2012 *RMB'000*	2011 *RMB'000*
Profit for the year has been arrived at after charging (crediting):		
Staff cost, including directors' remuneration		
Salaries, wages and other benefits	**413,096**	381,666
Retirement benefits scheme contributions	**26,837**	25,810
Share-based payments	**8,404**	9,105
Total staff costs	**448,337**	416,581
Amortisation of prepaid lease payments	**5,812**	5,812
Auditor's remuneration	**1,869**	1,656
Cost of inventories recognised as an expense	**4,176,812**	4,252,930
Depreciation for property, plant and equipment	**412,983**	372,846
Gross rental income from investment properties	**(4,320)**	(4,320)
Less: direct operating expenses incurred for investment properties that generated rental income during the year	**275**	269
	(4,045)	(4,051)

11. DIVIDEND

	2012 *RMB'000*	2011 *RMB'000*
Dividend recognised as distribution during the year:		
Final dividend paid in respect of the year ended 31 December 2011 – 20.0 HK cents per share (2011: final dividend paid in respect of the year ended 31 December 2010 – 15.0 HK cents per share)	**247,227**	194,180
Final dividend proposed, 15.0 HK cents per share (financial year ended 31 December 2011: 20.0 HK cents per share)	**185,455**	247,227

A final dividend for the year ended 31 December 2012 of 15.0 HK cents (2011: 20.0 HK cents) per share has been proposed by the Directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

The dividend proposed for the year ended 31 December 2012 and the dividend paid for financial year ended 31 December 2011 will be or were paid out of share premium. Under the Companies Law (Revised) Chapter 22 of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions of its Memorandum of Association and Articles of Association and provided that immediately following the distribution of dividend the Company is able to pay its debts as they fall due in the ordinary course of business.

12. EARNINGS PER SHARE

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

	2012	2011
	RMB'000	*RMB'000*
Earnings		
Earnings for the purpose of basic earnings per share (profit for the year attributable to owners of the Company)	**188,786**	418,118
	'000	'000
Number of shares		
Number of ordinary shares for the purpose of basic earnings per share	**1,524,777**	1,524,777

There was no potential ordinary share outstanding during the years ended 31 December 2012 and 2011.

13. TRADE AND OTHER RECEIVABLES

The Group has a policy of allowing an average credit period of 120 days to its trade customers. The following is an aged analysis of trade receivables net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period which approximated the respective revenue recognition dates.

The Group accepts notes from various local customers as settlement when the trade receivables fall due. Before accepting the notes, the Group would confirm with the relevant banks on the validity of the notes. It is the Group's practice to utilise notes received to settle certain of its debts. The aged analysis of note receivables is presented based on the number of days to maturity as at the end of the reporting period.

	2012	2011
	RMB'000	*RMB'000*
Trade receivables		
0 - 90 days	**1,297,894**	1,337,084
91 - 180 days	**208,349**	188,887
181 - 360 days	**76,610**	71,514
Over 360 days	**8,847**	24,945
	1,591,700	1,622,430
Note receivables		
0 - 90 days	**1,092,465**	1,216,209
91 - 180 days	**847,268**	728,652
181 - 360 days	**192,728**	236,276
	2,132,461	2,181,137

Advance to raw material suppliers	**18,461**	63,867
Prepayment for spools	**14,534**	21,731
Other receivables and prepayments	**17,624**	13,113
Less: Allowance for doubtful debts on other receivables	**(120)**	(120)
	50,499	98,591
	3,774,660	3,902,158

14. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period and the aged analysis of note payables is presented based on the number of days to maturity as at the end of the reporting period.

	2012	2011
	RMB'000	*RMB'000*
Trade payables		
0 - 90 days	**636,920**	356,951
91 - 180 days	**178,804**	207,265
181 - 360 days	**109,544**	113,867
Over 360 days	**11,287**	3,265
	936,555	681,348
Note payables		
0 - 90 days	**150,000**	98,560
91 - 180 days	**119,263**	451,600
	269,263	550,160
Value-added tax payables and other tax payables	**34,176**	27,185
Accrued staff costs and pension	**173,606**	165,964
Payables for purchase of property, plant and equipment	**230,496**	311,825
Accrued interest expense	**2,326**	5,031
Accrued electricity charges	**44,510**	48,583
Others	**43,632**	43,473
	528,746	602,061
	1,734,564	1,833,569

15. SHARE CAPITAL

	Number of shares	Amount *HKD*	Equivalent to *RMB'000*
Authorised:			
Ordinary shares of HKD0.10 each at 1 January 2011, 31 December 2011 and 31 December 2012	**3,000,000,000**	**300,000,000**	**301,410**
Issued and fully paid:			
At 1 January 2011, 31 December 2011 and 31 December 2012	**1,524,776,693**	**152,477,669**	**150,999**

16. RECLASSIFICATION OF COMPARATIVE INFORMATION

Certain comparative information in respect of notes receivables have been re-presented to present these on a gross basis and conform to current year presentation in the consolidated statement of financial position.

The effects of the re-presentation on a gross basis on the financial positions of the Group as at 31 December 2011 is as follows:

	As at 31.12.2011 (originally stated) *RMB'000*	Adjustments *RMB'000*	As at 31.12.2011 (restated) *RMB'000*
Notes receivable	1,528,824	652,313	2,181,137
Advance to raw material suppliers	267,586	(203,719)	63,867
Other receivables and prepayments	26,044	(12,931)	13,113
Trade payables	(390,034)	(291,314)	(681,348)
Payables for purchase of property, plant and equipment	(190,757)	(121,068)	(311,825)
Other payables	(20,192)	(23,281)	(43,473)
Total effects on net assets	1,221,471	—	1,221,471

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

Due to China's slower GDP growth and the unprecedented car purchase restrictions imposed in some major cities, the domestic auto industry saw a weaker-than-expected growth in 2012.

According to the China Association of Automobile Manufacturers, China's production of passenger cars increased by 6%, while that of trucks declined by 6%, weighed by a slowdown in road freight activities, as well as property and infrastructure investments. In 2012, China's tire output recorded a modest growth of 3% to approximately 470 million units, of which approximately 414 million units or 88% were radial tires, according to the China Rubber Industry Association.

Going into 2013, the auto industry has maintained the growth momentum it built up at the end of 2012. For the longer term, China's ongoing urbanization should continue to create new demand for auto products, laying a solid foundation for the growth of the radial tire cord industry for many years to come. With an unmatched expertise and reputation in the radial tire cord industry, Xingda is in a strong position to capitalize on these opportunities in both the primary and replacement markets.

BUSINESS REVIEW

In 2012, the continuous sluggishness in the global economy has led to a slowdown in domestic industrial activities, which in turn, has weakened the demand for domestic truck tires and passenger car tires. However, due to the growing export sales brought about by a gradually expanding global client base, the Group's total sales volume in 2012 increased by 4.2% to 474,900 tonnes. During the year, the sales volume of radial tire cords increased by 5.7% to 405,400 tonnes, accounting for 85.4% of the Group's total sales volume (2011: 84.1%). Sales volume of bead wires declined by 6.3% to 64,000 tonnes, occupying 13.5% of the total sales volume (2011: 15.0%) of the Group, whereas the sales volume of sawing wires increased by 41.0% to 5,500 tonnes, representing 1.1% of the Group's total sales volume (2011: 0.9%).

During the year under review, radial tire cords for trucks remained the Group's major product. The sales volume of radial tire cords for trucks increased by 5.4% to 269,100 tonnes. Radial tire cords for passenger cars recorded a 6.4% growth in sales volume, to 136,300 tonnes as the overseas market continually expanded. The sales volumes of radial tire cords for trucks and passenger cars contributed 66.4% and 33.6% respectively to the Group's total sales volume of radial tire cords (2011: 66.6% and 33.4%).

Sales Volume	**2012** ***Tonnes***	2011 *Tonnes*	Change
Radial Tire Cords	**405,400**	383,400	+5.7%
- For Trucks	***269,100***	*255,300*	*+5.4%*
- For Passenger Cars	***136,300***	*128,100*	*+6.4%*
Bead Wires	**64,000**	68,300	-6.3%
Sawing Wires	**5,500**	3,900	+41.0%
Total	**474,900**	455,600	+4.2%

In 2012, Xingda's businesses were influenced by slower growth in the infrastructure and industrial sectors. As a result, the domestic sales volume of radial tire cords only increased by 3.8% to 325,900 tonnes (2011: 314,100 tonnes), and accounted for 80.4% of the Group's total volume of radial tire cords sold (2011: 81.9%). Despite a relatively weak operating environment, Xingda continued to leverage its competitive advantages to maintain its leadership in the domestic market during the year, while advancing steadily in overseas markets. Overseas sales of radial tire cords rose by 14.7% to 79,500 tonnes in 2012 (2011: 69,300 tonnes) as the Group's products increasingly gained recognition by global tire manufacturers. Export sales accounted for 19.6% of total sales volume of radial tire cords in 2012 (2011: 18.1%).

During the year under review, Xingda continued to streamline its production operations at its existing facilities. In view of the softened demand, the Group has deferred the expansion plan in its Jiangsu plant and slowed down the construction work at its Shandong plant since the third quarter of 2011. By the end of 2012, the Group's annual production capacity for radial tire cords, bead wires and sawing wires remained at 500,000 tonnes, 100,000 tonnes and 12,000 tonnes, respectively.

	2012 Production Capacity (Tonnes)	**2012 Utilization Rate**	2011 Production Capacity (Tonnes)	2011 Utilization Rate
Radial Tire Cords	**500,000**	**81%**	500,000	79%
Bead Wires	**100,000**	**68%**	100,000	70%
Sawing Wires	**12,000**	**45%**	12,000	35%

Xingda's overall utilization rate in 2012 increased by 1 percentage point to 78%.The Group was actively adjusting its capacity expansion plan in accordance with customers' feedback to maintain a high utilization rate. The Group continued to monitor the market demand and will resume the expansion at the right timing.

To accommodate the different needs of its growing customer base, Xingda has newly developed 11 types of radial tire cords, 2 types of bead wires and 3 types of sawing wires.

As of the end of 2012, the Group was committed to providing a variety of products for its clients, including 173 types of radial tire cords, 63 types of bead wires and 11 types of sawing wires.

PROSPECTS

In the wake of uncertainty over the global economy, the Chinese government continued to take various measures to promote sustainable growth of China economy. China's long-term plan to improve the levels of urbanization will help stimulate the recovery of infrastructure and industrial activities within the country, thereby providing a more conducive environment where replacement demand for truck tires should gradually recover. The Group is cautiously optimistic about upcoming market conditions and will strive to maintain steady growth going forward.

In January 2013, the National Energy Work Conference announced its target to add 10 gigawatts in solar power capacity in China by 2013, up from 7 gigawatts at the end of 2012. The goal for 2013 will put China within easy reach of its stated target of 21 gigawatts of installed solar power capacity by 2015. As a result, we expect such policy to boost demand for our sawing wire products from our established solar clients.

In the face of sluggish demand, sustained price pressure and increasingly competitive market conditions, Xingda will focus on carrying out its cost control measures and carefully adjusting its expansion plan to maintain a high utilization rate and to better cope with future market trends. Moreover, the Group will continue to further expand its client base, and strengthen its global business by riding on its distinguished reputation built up with renowned tire manufacturers over the years.

Looking ahead, Xingda will leverage its competitive advantages to maintain its domestic market leadership while pushing forward to realize its plan to become the largest globally recognized radial tire cord manufacturer in China.

FINANCIAL REVIEW

Revenue

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

RMB in million	**2012**	**Proportion**	2011	Proportion	Change(%)
Radial Tire Cords	**4,714**	**90%**	4,918	88%	-4.1
- For trucks	***3,214***	***61%***	*3,409*	*61%*	*-5.7*
- For passenger cars	***1,500***	***29%***	*1,509*	*27%*	*-0.6*
Bead wires	**384**	**7%**	418	8%	-8.1
Sawing wires	**149**	**3%**	215	4%	-30.7
Total	**5,247**	**100%**	5,551	100%	-5.5

The Group's total revenue dropped by 5.5% or RMB304 million to RMB5,247 million in 2012 due to the pricing pressure caused by ongoing competition in domestic market. Domestic and overseas markets contributed 80.0% and 20.0% respectively to the Group's total sales revenue (2011: 82.7% and 17.3%).

Gross profit and gross profit margin

The Group's gross profit decreased by 17.6% or RMB228.4 million to RMB1,070.1 million in 2012 (2011: RMB1,298.5 million) due to the decline in the average selling prices for both radial tire cord and sawing wire products. During the year, the cost of sales decreased by 1.8% or RMB76.1 million to RMB4,176.8 million as a result of the decline in unit cost of steel rods from approximately RMB5,100 to approximately RMB4,600. Steel rods accounted for 54.9% of the Group's cost of sales (2011: 58.3%). Consequently, gross profit margin dropped 3.0 percentage points to 20.4% (2011: 23.4%).

Other income

Other income decreased by RMB3.4 million or 4.2% from RMB80.3 million in 2011 to RMB76.9 million for the year under review. The decrease was mainly caused by a decrease in sales of scrap materials which was partially offset by an increment in fair value of investment properties.

Government grant

Government grants for the year declined by 72.0% from RMB64.0 million in 2011 to RMB17.9 million mainly due to the decrease in recurring subsidies from the local government.

Selling and distribution expenses

Selling and distribution expenses increased by 4.6% to RMB 356.7 million from RMB341.0 million in 2011. The increase was mainly caused by the corresponding rise in transportation costs for a higher sales volume as well as additional shipping cost associated with export sales.

Administrative expenses and other expenses and losses, net

Administrative expenses decreased by RMB8.2 million or 3.5% to RMB223.3 million due to effective cost control measures of the Group. Other expenses and losses increased by RMB3.9 million or 4.8% from RMB81.8 million in 2011 to RMB85.7 million in 2012 due to an increase in provision for trade receivables and research and development expenditure partially offset by a decline in foreign exchange loss.

Finance costs

Finance costs rose by RMB16.3 million or 17.1% to RMB111.4 million from RMB95.1 million in 2011. The increase was mainly caused by higher weighted average interest rates in 2012 and less interest expenses were capitalized in property, plant and equipment during the year under review.

Income tax expense

The Group's income tax charge increased by RMB5.5 million to RMB134.4 million with an effective tax rate 34.1% (2011: 18.6%). The increased effective tax rate was mainly caused by the provision of deferred tax charge related to the provision of withholding tax on the accumulated distributable profits of a subsidiary of the Company for the year ended 31 December 2012. For further information, please refer to note 9 to this announcement.

Net profit

Taking the above factors into account, the Group's net profit for the year ended 31 December 2012 decreased by RMB303.3 million or 53.9% from RMB562.7 million in 2011 to RMB259.4 million. If the deferred tax charge related to the provision of withholding tax and net exchange gain or loss arising from non-operating activities were excluded, the adjusted net profit of the Group for the year ended 31 December 2012 would be RMB314.1 million, representing a decrease of RMB265.9 million or 45.8% when compared with the previous year.

Reconciliation of report profit and underlying profit

	2012	2011
	RMB'000	*RMB'000*
Profit for the year	**259,376**	562,655
Deferred tax charges related to the provision of withholding tax	**56,411**	—
Net exchange (gain) loss arising from non-operating activities	**(1,646)**	17,359
Underlying profit for the year	**314,141**	580,014
Underlying profit for the year attributable to:		
Owners of the Company	**243,551**	435,477
Non-controlling interests	**70,590**	144,537
	314,141	580,014

LIQUIDITY, CAPITAL RESOURCES AND CAPITAL STRUCTURE

During the year, there was no significant change in the Group's funding and treasury policy. The principal source of liquidity and capital resources was cash flows generated from operating activities whereas the principal uses of cash were operational costs, repayment of bank borrowings and expansion of production capacity.

Bank balances and cash including bank deposits of the Group decreased by RMB209.5 million from RMB730.9 million as at 31 December 2011 to RMB521.4 million as at 31 December 2012. The decrease was due to the cash used in investment activities of RMB349.7 million and financing activities of RMB1,022.6 million exceeding the cash generated from operating activities of RMB1,162.8 million.

Bank borrowings which were all denominated in Renminbi decreased by RMB660.0 million or 35.7% to RMB1,190.0 million as at 31 December 2012 from RMB1,850.0 million as at 31 December 2011. The bank borrowings carry interest at market rates from 5.70% to 6.56% (2011: 5.19% to 6.56%) and are repayable within one year from 31 December 2012.

The Group's current assets decreased by 11.5% to RMB4,793.2 million as at 31 December 2012 from RMB5,418.7 million as at 31 December 2011 and its current liabilities decreased by 20.1% from RMB3,744.6 million as at 31 December 2011 to RMB2,993.6 million as at 31 December 2012. The Group's current ratio, being defined as current assets over current liabilities, increased from 1.45 times as at 31 December 2011 to 1.60 times as at 31 December 2012. The increment was mainly caused by the decrease in bank borrowings repayable within one year outweighed the decrease in bank balances and cash. The gearing ratio which is measured by total debts (bank borrowings) to total assets decreased from 18.4% as at 31 December 2011 to 12.7% as at 31 December 2012 due to a 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 Euro. Since more than half of the sales proceeds in US dollars and Euro have been used to purchase imported raw materials in the same currencies, the mild appreciation of the Renminbi did not have a materially unfavourable effect on the operating results of the Group in 2012.

Apart from certain bank and debtors' balances in Hong Kong dollars, US dollars and Euro, 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 year under review, exchange rate fluctuation had not caused material adverse impact on the operation or liquidity of the Group. Accordingly, the Group did not enter into any financial derivative instruments to hedge against foreign exchange currency exposure during the year under review. However, the Group will closely monitor the impact of change in value of the Renminbi on its operation and consider appropriate hedging solutions, if required.

CAPITAL EXPENDITURE

For the year ended 31 December 2012, capital expenditure of the Group for property, plant and equipment amounted to RMB365.9 million (2011: RMB756.9 million).

CAPITAL COMMITMENTS

As at 31 December 2012, the Group had made capital commitment of approximately RMB113.1 million (31 December 2011: RMB61.4 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 for in both years.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 December 2012 and 31 December 2011.

PLEDGE OF ASSETS

As at 31 December 2012, the Group pledged bank deposits of RMB58.0 million to a bank to secure notes payables of the Group (31 December 2011: RMB108.3 million).

SIGNIFICANT INVESTMENTS

The Group invested in the jointly controlled entity, Shandong Xingda Steel Tyre Cord Co. Ltd., amounting to RMB244.6 million in 2011. The Group had no other significant external investments for the year ended 31 December 2012.

SIGNIFICANT ACQUISITIONS AND DISPOSALS

The Group had no significant acquisitions and disposals for the years ended 31 December 2012 and 31 December 2011 respectively.

HUMAN RESOURCES

As at 31 December 2012, the Group had approximately 6,700 (31 December 2011: approximately 7,500) full time employees. Total staff costs including directors' remuneration for the year ended 31 December 2012 was approximately RMB448.3 million (2011: approximately RMB416.6 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 knowledge of industry quality standards.

In addition to salaries and bonuses, the Group also provides various benefits to employees through the Labour Union of Jiangsu Xingda ("Xingda Labour Union"). Each year, Jiangsu Xingda contributes 2% of the total salary of staff ("Union Fee") to support operation of the Xingda Labour Union. The Union Fee, together with other funds obtained by the Xingda Labour 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 year ended 31 December 2012, the amount of Union Fees contributed by Jiangsu Xingda to the Xingda Labour Union amounted to RMB7.1 million (2011: RMB6.9 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 state 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 the 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 encourage and retain elite employees to stay with the Group and to provide incentives to achieve performance goals with a view to attaining the objectives of increasing the value of the Group and aligning the interests of selected employees directly to the shareholders of the Company through ownership of shares. Pursuant to the scheme, shares will be purchased by the trustee in the market out of cash contributed by the Company and be held in trust for the relevant selected employees until such shares are vested in the relevant selected employees in accordance with the provisions of the scheme. In 2010, 5,000,000 Company's shares (the "First Batch Shares") were purchased by the trustee on the public market. In 2011, another 5,000,000 Company's shares (the "Second Batch Shares") were purchased by the trustee on the public market. The total consideration and other directly attributable incremental costs of the Second Batch Shares purchased under the share award scheme in an aggregate amount of approximately RMB17.7 million were recognised in the reserve of the Company. As at 31 December 2012, all the First Batch Shares held under the share award scheme were allocated to selected employees. The Second Batch Shares will be allocated to selected employees in a three-year period commencing from 2013.

DIVIDEND

The Board has recommended the payment of a final dividend of 15.0 HK cents (approximately RMB 12.2 fen) per share for the financial year ended 31 December 2012 to the shareholders whose names appear on the register of members of the Company on Wednesday, 5 June 2013. The final dividend will be payable on Friday, 28 June 2013.

ANNUAL GENERAL MEETING

An annual general meeting of the Company will be held on Friday, 24 May 2013, notice of which will be published and dispatched to the shareholders as soon as practicable in accordance with the Company's articles of association and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 22 May 2013 to Friday, 24 May 2013, both days inclusive, during which period no transfer of shares will be registered. In order to be entitled to attend and vote at the forthcoming annual general meeting, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 21 May 2013.

The proposed final dividend for the year ended 31 December 2012 is subject to the approval by the shareholders of the Company at the forthcoming annual general meeting. The register of members of the Company will be closed from Monday, 3 June 2013 to Wednesday, 5 June 2013, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for receiving the final dividend, all duly completed transfer forms accompanied by accompanied by the relevant share certificates must be lodged with Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Friday, 31 May 2013.

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 year ended 31 December 2012.

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 Code on Corporate Governance Practices (effective up to 31 March 2012) and the Corporate Governance Code (effective from 1 April 2012) contained in Appendix 14 of the Listing Rules throughout the year ended 31 December 2012, except for the following:-

Code provision A.2.1 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. Ms. Wu Xiaohui, a non-executive Director, Mr. William John Sharp and Ms. Xu Chunhua, both being independent non-executive Directors, were unable to attend the annual general meeting of the Company held on 18 May 2012 as they had to attend other meetings or were engaged in other businesses or commitments. However, Ms. Wu, Mr. Sharp and Ms. Xu 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 non-executive Directors and independent non-executive 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 year ended 31 December 2012.

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.

REVIEW OF FINANCIAL STATEMENTS

The Audit Committee and the management of the Company have reviewed the accounting principles and practices adopted by the Group, discussed auditing and financial reporting matters and have reviewed the annual results of the Group for the year ended 31 December 2012. In addition, the consolidated financial statements of the Group for the year ended 31 December 2012 have been audited by the Group's auditor, Messrs. Deloitte Touche Tohmatsu and an unqualified opinion report was issued.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2012 as set out in this announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this announcement.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the website of the Stock Exchange at www.hkex.com.hk and at the website of the Company at www.irasia.com/listco/hk/xingda/index.htm. The annual report will be dispatched to the shareholders and available on the above websites in due course.

APPRECIATION

The Board would like to express its gratitude to all employees for their diligence and contribution. At the same time, the Board is also thankful for the support it has from all the customers, suppliers and shareholders of the Group. The Group will continue to work as a team to push for more brilliant results in 2013.

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

Shanghai, the PRC, 26 March 2013

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