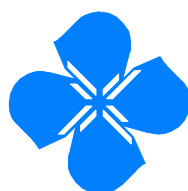


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XINGDA

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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)

**FINAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**FINANCIAL HIGHLIGHTS**

	<b>2017</b> <i>RMB in million</i>	<b>2016</b> <i>RMB in million</i>	<b>Change</b>
Revenue	<b>6,886.9</b>	5,469.2	<b>+25.9%</b>
Gross profit margin	<b>18.6%</b>	21.9%	<b>-3.3pp</b>
Profit attributable to owners of the Company	<b>287.4</b>	277.8	<b>+3.4%</b>
Adjusted profit attributable to owners of the Company (note)	<b>287.0</b>	285.7	<b>+0.4%</b>
Earnings per share – basic (RMB fen)	<b>19.44</b>	18.75	<b>+3.7%</b>
Gearing ratio	<b>7.7%</b>	8.5%	<b>-0.8pp</b>
Proposed final dividend/ Final dividend per share (HK cents)	<b>15.0</b>	15.0	—
Dividend payout ratio	<b>62.5%</b>	70.9%	<b>-8.4pp</b>

*Note: It is defined as profit attributable to owners of the Company excluding deferred tax charge related to the provision of withholding tax and net exchange (gain) loss 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” or “Xingda”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2017 together with the comparative figures for the previous year as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

	NOTES	2017 RMB'000	2016 RMB'000
Revenue	5	6,886,914	5,469,176
Cost of sales		(5,609,213)	(4,273,864)
Gross profit		1,277,701	1,195,312
Other income	6	97,550	36,170
Government grants		29,638	31,333
Distribution and selling expenses		(475,918)	(443,532)
Administrative expenses		(319,117)	(303,896)
Other gains and losses, net	7	(31,862)	34,902
Research and development expenditure		(58,425)	(61,187)
Finance costs	8	(38,094)	(21,481)
Profit before tax		481,473	467,621
Income tax expense	9	(103,189)	(72,899)
Profit and total comprehensive income for the year, net of tax	10	378,284	394,722
Profit and total comprehensive income for the year attributable to:			
Owners of the Company		287,363	277,792
Non-controlling interests		90,921	116,930
		378,284	394,722
Earnings per share	12		
Basic (RMB fen)		19.44	18.75

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2017**

	<i>NOTES</i>	<b>2017</b> <i>RMB'000</i>	2016 <i>RMB'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>3,817,310</b>	3,804,440
Prepaid lease payments		<b>342,575</b>	275,192
Investment properties		<b>148,540</b>	140,190
Fixed bank deposits with more than three months to maturity when placed		<b>1,000,000</b>	900,000
Deferred tax assets		<b>15,628</b>	13,813
Prepayments		<b>32,963</b>	19,713
		<hr/> <b>5,357,016</b> <hr/>	<hr/> 5,153,348 <hr/>
<b>CURRENT ASSETS</b>			
Prepaid lease payments		<b>7,130</b>	6,965
Inventories		<b>724,558</b>	559,004
Trade and other receivables	13	<b>2,519,355</b>	2,260,590
Bill receivables	13	<b>2,928,758</b>	2,343,315
Pledged bank deposits		<b>68,000</b>	69,500
Bank balances and cash		<b>756,985</b>	480,170
		<hr/> <b>7,004,786</b> <hr/>	<hr/> 5,719,544 <hr/>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	14	<b>3,585,184</b>	2,379,496
Bill payables	14	<b>340,000</b>	260,000
Amount due to a related company		<b>3,977</b>	3,081
Tax liabilities		<b>28,342</b>	42,537
Borrowings - due within one year		<b>953,030</b>	922,794
Government grants		<b>7,000</b>	7,000
		<hr/> <b>4,917,533</b> <hr/>	<hr/> 3,614,908 <hr/>
<b>NET CURRENT ASSETS</b>		<hr/> <b>2,087,253</b> <hr/>	<hr/> 2,104,636 <hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<hr/> <b>7,444,269</b> <hr/>	<hr/> 7,257,984 <hr/>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		<b>11,436</b>	9,409
<b>NET ASSETS</b>		<hr/> <b>7,432,833</b> <hr/> <hr/>	<hr/> 7,248,575 <hr/> <hr/>

	<i>NOTE</i>	<b>2017</b> <i>RMB'000</i>	2016 <i>RMB'000</i>
<b>CAPITAL AND RESERVES</b>			
Share capital	15	<b>147,923</b>	146,365
Share premium and other reserves		<b>5,219,404</b>	5,081,935
		<hr/>	<hr/>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		<b>5,367,327</b>	5,228,300
<b>NON-CONTROLLING INTERESTS</b>		<b>2,065,506</b>	2,020,275
		<hr/>	<hr/>
<b>TOTAL EQUITY</b>		<b>7,432,833</b>	7,248,575
		<hr/> <hr/>	<hr/> <hr/>

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	<b>2017</b>	2016
	<i>RMB'000</i>	<i>RMB'000</i>
<b>OPERATING ACTIVITIES</b>		
Profit before tax	<b>481,473</b>	467,621
Adjustments for:		
Depreciation and amortisation	<b>529,245</b>	522,420
Interest income	<b>(36,664)</b>	(17,167)
Gain on fair value changes on investment properties	<b>(8,350)</b>	(3,500)
Loss on disposal of property, plant and equipment	<b>2,699</b>	13,228
Impairment loss recognised on trade and other receivables	<b>15,939</b>	11,821
Impairment loss reversed on trade and other receivables	<b>(1,193)</b>	(17,644)
Recognition of equity-settled share-based payment	<b>7,126</b>	6,596
Finance costs	<b>38,094</b>	21,481
	<hr/>	<hr/>
Operating cash flows before movements in working capital	<b>1,028,369</b>	1,004,856
Increase in inventories	<b>(165,554)</b>	(163,194)
Increase in trade and other receivables	<b>(239,892)</b>	(309,339)
Increase in bill receivables	<b>(585,443)</b>	(369,752)
(Increase) decrease in prepayments	<b>(31,963)</b>	3,000
Increase in trade and other payables	<b>1,043,372</b>	633,327
Increase in bill payables	<b>80,000</b>	260,000
Decrease in government grants received	—	(8,500)
Increase in amount due to a related company	<b>896</b>	2,924
Purchase of ordinary shares for the purpose of share-award scheme	—	(13,341)
	<hr/>	<hr/>
Cash generated from operations	<b>1,129,785</b>	1,039,981
Income tax paid	<b>(117,172)</b>	(89,843)
	<hr/>	<hr/>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>1,012,613</b>	950,138
	<hr/>	<hr/>

	<b>2017</b>	2016
	<b>RMB'000</b>	RMB'000
<b>INVESTING ACTIVITIES</b>		
Purchases of property, plant and equipment	<b>(379,082)</b>	(323,202)
Placement of fixed bank deposits with more than three months to maturity when placed	<b>(100,000)</b>	(900,000)
Purchases of land use right	<b>(55,855)</b>	—
Placement of pledged bank deposits	<b>(68,000)</b>	(92,000)
Withdrawal of pledged bank deposits	<b>69,500</b>	40,000
Prepayment for land use rights	—	(18,713)
Proceeds on disposal of property, plant and equipment	<b>4,005</b>	3,331
Interest received	<b>3,045</b>	5,006
	<hr/>	<hr/>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(526,387)</b>	(1,285,578)
	<hr/>	<hr/>
<b>FINANCING ACTIVITIES</b>		
Repayments of bank borrowings	<b>(693,250)</b>	(591,723)
Dividends paid	<b>(143,323)</b>	(124,619)
Dividends paid to non-controlling interests of a subsidiary	<b>(45,690)</b>	(41,000)
Interest paid	<b>(38,495)</b>	(22,978)
Payment on repurchase of ordinary shares	<b>(12,139)</b>	(43,932)
Repayment of other loans	<b>(3,900)</b>	—
New bank borrowings raised	<b>724,886</b>	995,664
Other loans raised	<b>2,500</b>	3,900
Acquisition of additional non-controlling interests of a subsidiary	—	(117,549)
Capital contribution from non-controlling interests of a subsidiary	—	24,500
	<hr/>	<hr/>
<b>NET CASH (USED IN) FROM FINANCING ACTIVITIES</b>	<b>(209,411)</b>	82,263
	<hr/>	<hr/>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>276,815</b>	(253,177)
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>	<b>480,170</b>	733,347
	<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER, represented by bank balances and cash</b>	<b>756,985</b>	480,170
	<hr/> <hr/>	<hr/> <hr/>

## 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 address of the registered office of the Company is 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 its subsidiaries are engaged in the manufacture and trading of radial tire cords, bead wires and other wires.

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

#### *Amendments to IFRSs that are mandatorily effective for the current year*

The Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board ("IASB") for the first time in the current year:

Amendments to IAS 7	Disclosure Initiative
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to IFRS 12	As part of the Annual Improvements to IFRSs 2014 - 2016 Cycle

#### *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:

IFRS 9	Financial Instruments <sup>1</sup>
IFRS 15	Revenue from Contracts with Customers and the related Amendments <sup>1</sup>
IFRS 16	Lease <sup>2</sup>
IFRS 17	Insurance Contracts <sup>4</sup>
IFRIC 22	Foreign Currency Transactions and Advance Consideration <sup>1</sup>
IFRIC 23	Uncertainty over Income Tax Treatments <sup>2</sup>

Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transaction <sup>1</sup>
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts <sup>1</sup>
Amendments to IFRS 9	Prepayment Features with Negative Compensation <sup>2</sup>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement <sup>2</sup>
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures <sup>2</sup>
Amendments to IAS 28	As part of Annual Improvements to IFRS Standards 2014 - 2016 Cycle <sup>1</sup>
Amendments to IAS 40	Transfers of Investment Property <sup>1</sup>
Amendments to IFRSs	Annual Improvements to IFRS Standards 2015 - 2017 Cycle <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2019.

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2021.

### 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 ("Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for certain properties that are measured at fair values at the end of each reporting period.

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 other 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:

	<b>2017</b>	2016
	<b>RMB'000</b>	RMB'000
Radial tire cords		
- For trucks	<b>3,998,660</b>	3,203,617
- For passenger cars	<b>2,158,368</b>	1,836,381
Bead wires and other wires	<b>729,886</b>	429,178
	<b>6,886,914</b>	5,469,176

##### Geographical information

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

	<b>2017</b>	2016
	<b>RMB'000</b>	RMB'000
The PRC (country of domicile)	<b>5,285,470</b>	4,252,267
India	<b>276,096</b>	252,250
United States of America	<b>272,851</b>	214,583
Korea	<b>172,938</b>	167,950
Germany	<b>43,038</b>	50,022
Others	<b>836,521</b>	532,104
	<b>6,886,914</b>	5,469,176

"Others" included revenue from various countries which are individually less than 10% of the Group's total revenue.

No customer contributes over 10% of the total revenue of the Group for the years ended 31 December 2017 and 2016.

## 5. REVENUE

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

## 6. OTHER INCOME

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Sales of scrap materials	45,050	7,312
Interest income earned on bank balances and bank deposits	36,664	17,167
Rental income from investment properties, net	6,042	5,935
Service income	2,874	—
Sundry income	6,920	5,756
	<u>97,550</u>	<u>36,170</u>

## 7. OTHER GAINS AND LOSSES, NET

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Gain from change in fair value of investment properties	8,350	3,500
Loss on disposal of property, plant and equipment	(2,699)	(13,228)
Impairment loss recognised on trade and other receivables	(15,939)	(11,821)
Impairment loss reversed on trade and other receivables	1,193	17,644
Net foreign exchange (loss) gain	(22,767)	38,807
	<u>(31,862)</u>	<u>34,902</u>

## 8. FINANCE COSTS

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Interest on:		
Bank loans and other borrowings	34,801	21,481
Bill receivables discounted	3,293	—
	<u>38,094</u>	<u>21,481</u>

## 9. INCOME TAX EXPENSE

	<b>2017</b>	2016
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Current tax	<b>102,361</b>	112,664
Under(over) provision in prior years	<b>616</b>	(12,335)
Deferred tax	<b>212</b>	(27,430)
	<hr/> <b>103,189</b> <hr/>	<hr/> 72,899 <hr/>

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 is 25% from 1 January 2008 onwards except for the subsidiary described below.

Jiangsu Xingda Steel Tyre Cord Co. Ltd. ("Jiangsu Xingda") renewed its High-tech Enterprise Certificate which expired in 2014 with the relevant authorities issued the High-tech Enterprise Certificate on 6 July 2015. In accordance with the renewed High-tech Enterprise Certificate, the status of High-tech Enterprise is effective for the years 2015, 2016 and 2017. As a result, the tax rate of 15% is used to calculate the amount of current and deferred tax of Jiangsu Xingda for the years ended 31 December 2017 and 2016.

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

## 10. PROFIT FOR THE YEAR

	<b>2017</b>	2016
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Profit for the year has been arrived at after charging (crediting):		
Staff cost, including directors' remuneration		
Salaries, wages and other benefits	<b>581,264</b>	498,025
Retirement benefits scheme contributions	<b>42,157</b>	35,396
Share-based payments	<b>7,126</b>	6,596
	<hr/> <b>630,547</b> <hr/>	<hr/> 540,017 <hr/>
Total staff costs	<b>630,547</b>	540,017
Less: capitalised in inventories	<b>(403,143)</b>	(328,722)
Less: included in research and development expenditure	<b>(31,636)</b>	(31,662)
	<hr/> <b>195,768</b> <hr/>	<hr/> 179,633 <hr/>

Auditor's remuneration	<b>2,106</b>	2,079
Cost of inventories recognised as an expense	<b>5,609,213</b>	4,273,864
Depreciation and amortisation		
- Property, plant and equipment	<b>522,225</b>	515,455
- Prepaid lease payments	<b>7,020</b>	6,965
	<hr/>	<hr/>
Total depreciation and amortisation	<b>529,245</b>	522,420
Less: capitalised in inventories	<b>(459,399)</b>	(462,064)
Less: included in research and development expenditure	<b>(330)</b>	(287)
	<hr/>	<hr/>
	<b>69,516</b>	60,069
	<hr/>	<hr/>
Operating lease payments in respect of premises	<b>290</b>	312
Gross rental income from investment properties	<b>(6,152)</b>	(6,058)
Less: direct operating expenses incurred for investment properties that generated rental income during the year	<b>110</b>	123
	<hr/>	<hr/>
Rental income from investment properties, net	<b>(6,042)</b>	(5,935)
	<hr/>	<hr/>

## 11. DIVIDEND

	<b>2017</b>	2016
	<b>RMB'000</b>	RMB'000
Dividend for ordinary shareholders of the Company recognised as distribution during the year:		
Final dividend paid in respect of the year ended 31 December 2016 – 15.0 HK cents per share (2016: final dividend paid in respect of the year ended 31 December 2015 – 10.0 HK cents per share)	<b>197,031</b>	124,619
	<hr/> <hr/>	<hr/> <hr/>
Final dividend proposed, 15.0 HK cents (financial year ended 31 December 2016: 15.0 HK cents) per share	<b>179,529</b>	197,031
	<hr/> <hr/>	<hr/> <hr/>

During the current year, a final dividend of 15.0 HK cents per ordinary share in an aggregate amount of RMB197,031,000 with scrip alternatives in respect of the year ended 31 December 2016 was approved at the annual general meeting of the Company held on 24 May 2017.

These scrip alternatives were accepted by certain ordinary shareholders, as follows:

	Year ended 31.12.2016 RMB'000
Dividends:	
Cash	143,323
Ordinary share alternative	53,708
	<hr/>
	<b>197,031</b>
	<hr/> <hr/>

Subsequent to the end of the reporting period, a final dividend for the year ended 31 December 2017 of 15.0 HK cents (2016: 15.0 HK cents) per ordinary share in an aggregate amount of RMB179,529,000 (2016: RMB197,031,000) has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting.

The dividend proposed for the year ended 31 December 2017 and the dividend paid for financial year ended 31 December 2016 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:

	<b>2017</b>	2016
	<b>RMB'000</b>	RMB'000
Earnings figures are calculated as follows:		
<u>Profit for the year attributable to owners of the Company</u>		
Earnings for the purpose of basic earnings per share	<b>287,363</b>	277,792
	<b>2017</b>	2016
	<b>'000</b>	'000
<u>Number of shares</u>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>1,478,551</b>	1,481,822

No diluted earnings per share for 2017 and 2016 were presented as there were no potential ordinary shares outstanding in issue for both 2017 and 2016.

## 13. TRADE AND OTHER RECEIVABLES AND BILL 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 bills from various local customers as settlement when the trade receivables fall due. Before accepting the bills, the Group would confirm with the relevant banks on the validity of the bills. It is the Group's practice to utilise bills received to settle certain of its debts. The aged analysis of bill receivables is presented based on the invoice date of trade receivables as at the end of the reporting period which approximated the respective revenue recognition dates.

	<b>2017</b>	2016
	<b>RMB'000</b>	RMB'000
Trade receivables		
0 - 90 days	<b>1,987,063</b>	1,781,427
91 - 120 days	<b>241,601</b>	206,899
121 - 180 days	<b>141,125</b>	142,588
181 - 360 days	<b>49,297</b>	62,906
Over 360 days	<b>84,444</b>	70,244
	<b>2,503,530</b>	2,264,064
Less: Allowance for doubtful debts	<b>(82,288)</b>	(67,805)
	<b>2,421,242</b>	2,196,259
Advances to raw material suppliers	<b>8,567</b>	26,709
Prepayment for spools	<b>15,130</b>	11,217
Interest receivables from fixed bank deposits with more than three months to maturity when placed	<b>45,780</b>	12,161
Other receivables and prepayments	<b>34,277</b>	19,885
Less: Allowance for doubtful debts on other receivables	<b>(5,641)</b>	(5,641)
	<b>98,113</b>	64,331
	<b>2,519,355</b>	2,260,590
Bill receivables		
0 - 90 days	<b>199,392</b>	184,098
91 - 180 days	<b>1,077,549</b>	1,005,801
181 - 360 days	<b>1,468,549</b>	1,042,734
Over 360 days	<b>183,268</b>	110,682
	<b>2,928,758</b>	2,343,315

#### 14. TRADE AND OTHER PAYABLES AND BILL PAYABLES

The following is an aged analysis of trade payables and bill payables presented based on the invoice date at the end of the reporting period.

	<b>2017</b>	2016
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Trade payables		
0 - 90 days	<b>1,327,866</b>	914,592
91 - 180 days	<b>1,039,377</b>	505,626
181 - 360 days	<b>331,298</b>	283,275
Over 360 days	<b>80,740</b>	77,470
	<hr/> <b>2,779,281</b> <hr/>	<hr/> 1,780,963 <hr/>
Value-added tax payables and other tax payables	<b>60,425</b>	47,518
Accrued staff costs and pension	<b>210,197</b>	215,471
Payables for purchase of property, plant and equipment	<b>442,951</b>	280,234
Accrued interest expense	<b>1,223</b>	1,528
Accrued electricity charges	<b>30,350</b>	9,211
Others	<b>60,757</b>	44,571
	<hr/> <b>805,903</b> <hr/>	<hr/> 598,533 <hr/>
	<hr/> <b>3,585,184</b> <hr/> <hr/>	<hr/> 2,379,496 <hr/> <hr/>
Bill payables		
91 - 180 days	—	260,000
181 - 360 days	<b>340,000</b>	—
	<hr/> <b>340,000</b> <hr/> <hr/>	<hr/> 260,000 <hr/> <hr/>

All Group's trade payables are denominated in the functional currency of the group entities.

The average credit period on purchase of goods is 90 days which may be extended to 120 days or 180 days based on negotiation between the suppliers and the Group. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

## 15. SHARE CAPITAL

	<u>Number of shares</u>		<u>Share capital</u>	
	<b>2017</b> <b>'000</b>	2016 <b>'000</b>	<b>2017</b> <b>RMB'000</b>	2016 <b>RMB'000</b>
Authorised:				
3 billion ordinary shares of HK\$0.1 each	<b>3,000,000</b>	3,000,000	<b>301,410</b>	301,410
Issued and fully paid:				
At beginning of year	<b>1,468,447</b>	1,487,495	<b>146,365</b>	148,014
Issuance of scrip shares (note)	<b>23,347</b>	—	<b>2,012</b>	—
Repurchase of shares	<b>(5,398)</b>	(19,048)	<b>(454)</b>	(1,649)
At end of year	<b>1,486,396</b>	1,468,447	<b>147,923</b>	146,365

Note: During the year ended 31 December 2017, the Company issued and allotted 23,347,048 new ordinary shares of HK\$0.1 each as scrip dividend for the final dividend for the year ended 31 December 2016. Details are set out in note 11.

During the year ended 31 December 2017, the Company repurchased its own shares through the Stock Exchange as follows:

	Number of ordinary shares <i>'000</i>	Price per share		Aggregate consideration paid <i>HK\$'000</i>	Aggregate consideration paid equivalent to <i>RMB'000</i>
		Highest <i>HK\$</i>	Lowest <i>HK\$</i>		
November 2017	2,191	2.70	2.62	5,864	4,959
December 2017	3,207	2.72	2.62	8,588	7,180
	<b>5,398</b>			<b>14,452</b>	<b>12,139</b>

The above shares were cancelled subsequently after their repurchase. Save as disclosed above and apart from the Company's shares purchased under the share-award scheme of the Company as mentioned in note 31 to the consolidated financial statements, neither the Company nor any of the Company's subsidiaries purchased, repurchased, sold or redeemed any of the Company's shares during the years ended 31 December 2017 and 2016.



## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **INDUSTRY OVERVIEW**

According to the China Rubber Industry Association, China's tire output increased by 4% to approximately 636 million units in 2017, of which approximately 594 million were radial tires. The steady rise in radial tire output was mainly the result of the steady development of the Chinese economy and the logistics industry, which spurred the replacement demand of tires and the increase of factory's tire output. In 2017, radialization rate remained stable at 93% (2016: around 93%).

According to the China Association of Automobile Manufacturers, the country in all produced approximately 3,683,000 units of trucks in 2017, an increase of 16.9% year-on-year. The climb was mainly driven by the regulations governing the overrunning and overloading of trucks, which has triggered the replacement phase for trucks in China. As for passenger cars, about 24,807,000 units were made, up by 1.6% year-on-year, a notable decline against the 15.8% growth recorded in 2016, mainly the result of the government lowering new vehicle purchase tax benefit.

### **BUSINESS REVIEW**

During the year under review, such factors including hastened development of new infrastructure projects, the government implementing policies to avoid illegal modification, overrunning and overloading of trucks has stimulated the truck production, provision of purchase tax benefit to low-emission cars, slow growth of tire utilization rate and total road logistics volume, and steady rise in trucks and passenger cars ownership in China, all helped drive demand for radial tires. However, market demand for radial tire cord products fluctuated mildly in mid 2017 as a result of the short term destocking by radial tire plants in the country. Overall, sales volume of radial tires of the Group increased by 7.8% to 653,400 tonnes during the year, accounting for 84.5% of the Group's total sales volume (2016: 88.6%). Sales volume of bead wires and other wires increased by 54.1% to 119,800 tonnes, making up 15.5% of the Group's total sales volume (2016: 11.4%).

During the year, the economy of China has been steadily improving, frequent economic activities have been recorded, which spurred the replacement demand for radial tires. Moreover, the sales volume of trucks in China was growing upward, which led to a 9.1% year-on-year increase in the Group's sales volume of radial tire cords for truck to 416,300 tonnes. As for the sales volume of radial tire cords for passenger cars, there was a year-on-year increase of 5.4% to 237,100 tonnes, and by market, recording slow down in Mainland China while a steady growth in overseas. Sales volume of radial tire cords for trucks and passenger cars accounted for 63.7% and 36.3% of the Group's total sales volume of radial tire cord products, respectively (2016: 62.9% and 37.1%).

<b>Sales Volume</b>	<b>2017</b> <i>Tonnes</i>	2016 <i>Tonnes</i>	Change
Radial tire cords	<b>653,400</b>	606,300	+7.8%
- For trucks	<b>416,300</b>	381,400	+9.1%
- For passenger cars	<b>237,100</b>	224,900	+5.4%
Bead wires and other wires	<b>119,800</b>	77,800	+54.1%
Total	<b>773,200</b>	684,100	+13.0%

Demand for radial tires was stable in China during the year. The domestic sales volume of radial tire cords rose by 5.0% to 511,600 tonnes (2016: 487,200 tonnes), representing 78.3% of the Group's total sales volume of the product (2016: 80.4%). The Group also continued to expand its global business building on its brand advantages and stable customer network and was rewarded with sustained healthy growth in its overseas markets. The pan-Asia Pacific region (excluding China), America and European markets remained the Group's key markets. Export sales volume of the Group's radial tire cords increased by 19.1% to 141,800 tonnes (2016: 119,100 tonnes), accounting for 21.7% of the total sales volume of radial tire cords in 2017 (2016: 19.6%).

As at the end of 2017, the Group's total annual radial tire cord production capacity was 725,000 tonnes. The annual production capacities of the Jiangsu factory and Shandong plant were 625,000 tonnes and 100,000 tonnes respectively. The Group expects to see an increase, by a maximum of 100,000 tonnes per annum, in production capacity when its new factory in Thailand commences production. The Group has an annual production capacity of 141,000 tonnes of bead wires and other wires. During the year, the overall utilization rate of our facilities remained at 90% (2016: 90%).

	<b>2017</b> <b>Production</b> <b>Capacity</b> <b>(Tonnes)</b>	<b>2017</b> <b>Utilization</b> <b>Rate</b>	2016 Production Capacity (Tonnes)	2016 Utilization Rate
Radial tire cords	<b>725,000</b>	<b>91%</b>	670,000	92%
Bead wires and other wires	<b>141,000</b>	<b>85%</b>	105,000	73%
Overall	<b>866,000</b>	<b>90%</b>	775,000	90%

As at the end of 2017, the Group had offered to customers a wide variety of products including 294 types of radial tire cords, 92 types of bead wires and other wires.

## FINANCIAL REVIEW

### Revenue

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

<i>RMB in million</i>	<b>2017</b>	<b>Proportion</b>	2016	Proportion	Change
Radial tire cords	<b>6,157.0</b>	<b>89%</b>	5,040.0	92%	+22.2%
- For trucks	<b>3,998.6</b>	<b>58%</b>	3,203.6	58%	+24.8%
- For passenger cars	<b>2,158.4</b>	<b>31%</b>	1,836.4	34%	+17.5%
Bead wires and other wires	<b>729.9</b>	<b>11%</b>	429.2	8%	+70.1%
Total	<b>6,886.9</b>	<b>100%</b>	5,469.2	100%	+25.9%

The Group's total revenue in 2017 increased by 25.9%, or RMB1,417.7 million, to RMB6,886.9 million, mainly due to the persistent robust demand for radial tire cords in China and steady development of overseas markets of the Group. Moreover, it was also attributable to a year-on-year increase in average selling price of the Group's products.

### Gross profit and gross profit margin

For the year under review, the Group's gross profit rose by 6.9%, or RMB82.4 million, to RMB1,277.7 million (2016: RMB1,195.3 million). Demand for radial tire cords has been fluctuating in the mid year of 2017 as a result of a brief destocking by tire plants. Furthermore, with a surge in raw material cost in third quarter of 2017 was deferred to pass on to the customers by a quarter and thus impacted on the Group's gross profit margin in the second half of 2017. The gross profit margin was down by 3.3 percentage points to 18.6% (2016: 21.9%).

### Other income

Other income increased by RMB61.4 million or 169.7%, from RMB36.2 million in 2016 to RMB97.6 million for the year under review, mainly due to the increase in income from sales of scrap materials and the increase in bank interest income derived from placing fixed bank deposits of RMB1 billion.

### Government grants

Government grants for the year decreased by 5.4% from RMB31.3 million in 2016 to RMB29.6 million mainly due to the decrease in recurring subsidies from the local government.

### **Distribution and selling expenses**

In 2017, distribution and selling expenses increased by RMB32.4 million or 7.3% to RMB475.9 million (2016: RMB443.5 million), which was mainly caused by the higher transportation cost associated with higher sales volume.

### **Administrative expenses**

Administrative expenses for the year increased by RMB15.2 million or 5.0% to RMB319.1 million. Such increase was mainly due to depreciation charges on office premises and increase in salaries and pension provision.

### **Other gain and losses, net**

Other gains and losses, net decreased by RMB66.8 million or 191.3% from net gain of RMB34.9 million in 2016 to net loss of RMB31.9 million in 2017, mainly attributable to the net foreign exchange loss and the decrease in impairment loss reversed on trade and other receivables which was partially offset by the reduction of loss on disposal of property, plant and equipment.

### **Finance costs**

Finance costs increased by RMB16.6 million or 77.3% to RMB38.1 million from RMB21.5 million in 2016. The increase was mainly due to the increase of the average balance of bank borrowings.

### **Income tax expense**

The Group's income tax expense increased by RMB30.3 million to RMB103.2 million with an effective tax rate of 21.4% (2016: 15.6%). An increase on both effective tax rate and income tax expense was mainly due to the decrease in portion of income contributed by a major subsidiary of the Group, Jiangsu Xingda Steel Tyre Cord Co. Ltd., which enjoys a lower income tax rate as compared with other operating subsidiaries of the Group.

### **Net profit**

Taking the above factors into account, the Group's net profit for the year ended 31 December 2017 decreased by RMB16.4 million or 4.2% from RMB394.7 million in 2016 to RMB378.3 million. If the deferred tax charges related to provision of withholding tax from non-operating activities and net exchange (gain) loss arising from non-operating activities were excluded, the adjusted net profit of the Group for the year ended 31 December 2017 would be RMB377.9 million, representing a decrease of RMB24.7 million or 6.1% when compared with the previous year.

## Reconciliation of report profit and underlying profit

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Profit for the year	378,284	394,722
Deferred tax charges related to the provision of withholding tax	7,015	2,485
Net exchange (gain) loss arising from non-operating activities	(7,427)	5,401
	<hr/>	<hr/>
Underlying profit for the year	377,872	402,608
	<hr/> <hr/>	<hr/> <hr/>
Underlying profit for the year attributable to:		
Owners of the Company	286,951	285,678
Non-controlling interests	90,921	116,930
	<hr/>	<hr/>
	377,872	402,608
	<hr/> <hr/>	<hr/> <hr/>

## LIQUIDITY, CAPITAL RESOURCES AND CAPITAL STRUCTURE

During the year under review, 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 whereas the principal uses of cash were expansion of production capacity, payment of dividends and saved as fixed interest deposits in banks.

Bank balances and cash including bank deposits of the Group increased by RMB276.8 million from RMB480.2 million as at 31 December 2016 to RMB757.0 million as at 31 December 2017. The increase was mainly due to the cash generated from operating activities of RMB1,012.6 million exceeding the cash used in investment activities of RMB526.4 million and in financing activities of RMB209.4 million.

Borrowings increased by RMB30.2 million or 3.3% to RMB953.0 million as at 31 December 2017 from RMB922.8 million as at 31 December 2016. The bank borrowings carry interest at market rates from 2.82% to 4.35% (2016: 1.88% to 4.35%) and are repayable within one year from 31 December 2017.

The Group's current assets increased by 22.5% to RMB7,004.8 million as at 31 December 2017 from RMB5,719.5 million as at 31 December 2016 and its current liabilities increased by 36.0% from RMB3,614.9 million as at 31 December 2016 to RMB4,917.5 million as at 31 December 2017. The Group's current ratio, being defined as current assets over current liabilities, decreased from 1.58 times as at 31 December 2016 to 1.42 times as at 31 December 2017. The decrease was mainly caused by an increase in trade and other payables and bill payables. The gearing ratio which is measured by total debts (borrowings) to total assets decreased from 8.5% as at 31 December 2016 to 7.7% as at 31 December 2017 mainly due to an increase in total assets.

## **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.

Apart from certain bank and debtors' balances in US dollars, euros, Hong Kong dollars and Thai baht, most of the assets and liabilities of the Group were denominated in Renminbi. Therefore, the Group was not exposed to significant foreign exchange risk. The Group did not enter into any financial derivative instruments to hedge against foreign exchange currency exposure during the year under review. However, the Group is closely monitoring the impact of change in value of Renminbi on its operations and may consider appropriate hedging solutions, if required.

## **CAPITAL EXPENDITURE**

For the year ended 31 December 2017, capital expenditure of the Group for property, plant and equipment amounted to RMB541.8 million (2016: RMB352.1 million).

## **CAPITAL COMMITMENTS**

As at 31 December 2017, the Group had made capital commitment of approximately RMB230.0 million (31 December 2016: RMB136.3 million) for acquisition of property, plant and equipment and land use rights contracted for but not provided in the consolidated 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 2017 and 31 December 2016.

## **PLEDGE OF ASSETS**

As at 31 December 2017, the Group pledged bank deposits of RMB68.0 million to banks to secure bill payables of the Group (31 December 2016: RMB69.5 million).

## **SIGNIFICANT INVESTMENTS**

The Group had no significant investments for the years ended 31 December 2017 and 31 December 2016.

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

Jiangsu Xingda Special Cord Co., Ltd., an indirect non wholly-owned subsidiary of the Company, acquired equity interest representing approximately 22.2% of the total paid-up share capital of Shandong Xingda Steel Tyre Cord Co., Ltd., an indirect non wholly-owned subsidiary of the Company, at a total consideration of approximately RMB117.5 million in June 2016.

Saved as disclosed, the Company had no other material acquisitions and disposals in relation to its subsidiaries, associates and joint ventures for the years ended 31 December 2017 and 31 December 2016.

## **HUMAN RESOURCES**

As at 31 December 2017, the Group had approximately 7,000 (31 December 2016: approximately 6,800) full time employees. Total staff costs including directors' remuneration for the year ended 31 December 2017 was approximately RMB630.5 million (2016: approximately RMB540.0 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 its 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 2017, the amount of Union Fees contributed by Jiangsu Xingda to the Xingda Labour Union amounted to RMB9.4 million (2016: RMB9.0 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 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 of Directors 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 selected employees until such shares are vested in the selected employees in accordance with the provisions of the scheme.

In 2010, 5,000,000 shares in the Company (the “First Batch Shares”) were purchased by the trustee on the public market. In 2011, another 5,000,000 shares in the Company (the “Second Batch Shares”) were purchased by the trustee on the public market. In 2013, 10,481,000 shares in the Company were purchased by the trustee on the public market, of which 5,000,000 shares were added to the Second Batch Shares and the remaining 5,481,000 shares were treated as the “Third Batch Shares”. In 2014, 4,519,000 shares in the Company were purchased by the trustee on the public market and were added to the “Third Batch Shares”. In 2016, 7,282,000 shares in the Company were purchased by the trustee on the public market (the “Fourth Batch Shares”). In 2017, 601,011 scrip shares allotted under the scrip dividend scheme of the Company were added to the Fourth Batch Shares and were held by the trustee. As at 31 December 2017, the balances of the Third Batch Shares and Fourth Batch Shares were 3,416,000 shares and 7,883,011 shares respectively.

As at 31 December 2017, all the First Batch Shares and the Second Batch Shares have been vested with selected employees. Two-thirds of the Third Batch Shares have been vested with selected employees. The remaining one-third of the Third Batch Shares are expected to be vested with selected employees in 2018. The Fourth Batch Shares are expected to be vested with selected employees in a three year period from 2019 to 2021.

## **PROSPECTS**

In 2017, the Chinese economy was well, meeting the 6.9% GDP growth target set at the beginning of the year and completing the second year of the “13th Five-year Plan” in steady strides. In the future, the “New Normal” will present both opportunities and challenges for a long time to come. The government will push on with the supply-side structural reform, and with that providing guidance, consolidation of the radial tire cord industry will continue, with obsolete capacity to be eliminated and players will have to keep strengthening their ability to adapt to changes in the market and demand.



In addition, the introduction and implementation of national policies will bring significant impacts to the industry. These policies included regulations governing the overrunning and overloading of trucks, tightening of standards of tires for trucks, and waiving of purchase tax on new energy vehicles between 2018 and 2020, which together will start a long-term trend of upgrade or replacement of passenger cars and trucks, which will in turn stimulate demand for radial tire cord products. The country actively pushing forward its “One Belt One Road Initiative” will also encourage its radial tire cord industry to “go out”, enhance product quality, improve its supply structure, change its positioning that emphasizes pricing and work hard to build its brand presence and eminence in the international market.

The Group believes that the favorable international and domestic economic environment will prevail in 2018, and this macro-environment will benefit the automobile, radial tire and radial tire cord industries in China, enabling them to move from recovery into the fast-growth stage and ultimately achieve new breakthroughs. Xingda will seize the chance to establish its unique competitive edges, strengthen its core competitiveness and fortify market leadership. It will take its global sales strategy to the depth so as to expand business coverage and its international clientele. Facing the ever-changing political and market environment in China and overseas, the Group will grasp opportunities and not shy away from meeting challenges, for it is determined to be a leader blazing the trail of development for the industry.

## **DIVIDEND**

The Board has recommended the payment of a final dividend of 15.0 HK cents (approximately RMB12.1 fen) per share for the financial year ended 31 December 2017 with the shareholders of the Company being given an option to elect to receive such proposed final dividend all in new shares, or all in cash, or partly in new shares and partly in cash (the “Scrip Dividend Scheme”). The proposed final dividend will be paid to the shareholders whose names appear on the register of members of the Company on Friday, 8 June 2018.

The Scrip Dividend Scheme is subject to (1) the approval of the proposed final dividend at the forthcoming annual general meeting; (2) the Stock Exchange granting the listing of and permission to deal in the new shares to be issued pursuant thereto; and (3) where necessary, the white wash waiver granted by the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any of his/her delegate.

A circular containing full details of the Scrip Dividend Scheme together with the form of election will be sent out to the shareholders on or around Monday, 25 June 2018. It is expected that the final dividend for the new shares or cash (as appropriate) will be dispatched to the shareholder on or around Friday, 20 July 2018.

## ANNUAL GENERAL MEETING

An annual general meeting of the Company will be held on Wednesday, 23 May 2018, 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 Thursday, 17 May 2018 to Wednesday, 23 May 2018, 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 to be held on Wednesday, 23 May 2018, 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, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 16 May 2018.

The proposed final dividend for the year ended 31 December 2017 is subject to the approval by the shareholders of the Company at the forthcoming annual general meeting to be held on Wednesday, 23 May 2018. The register of members of the Company will be closed from Wednesday, 6 June 2018 to Friday, 8 June 2018, 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 the relevant share certificates must be lodged with Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 5 June 2018.

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

For the year ended 31 December 2017, the Company repurchased 5,398,000 shares through the Stock Exchange at a total consideration, after expenses, of approximately RMB12.1 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	Price per share		Aggregate consideration paid	
		Highest HK\$	Lowest HK\$	HK\$ Million	Equivalent to RMB Million
November 2017	2,191,000	2.70	2.62	5.9	4.9
December 2017	<u>3,207,000</u>	2.72	2.62	<u>8.6</u>	<u>7.2</u>
Total	<u>5,398,000</u>			<u>14.5</u>	<u>12.1</u>

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, repurchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2017.

## **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 Corporate Governance Code contained in Appendix 14 of the Listing Rules throughout the year ended 31 December 2017, except for the following:-

Code provision A.2.1 provides, among other things, that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The chairman of the Board, Mr. Liu Jinlan, provides overall leadership for the Board and takes the lead to ensure that the Board acts in the best interest of the Company. The Company does not have the position of chief executive 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, among other things, that independent non-executive directors and non-executive directors should attend general meetings. Ms. Wu Xiaohui, a non-executive Director, Mr. Koo Fook Sun, Louis, Mr. William John Sharp and Ms. Xu Chunhua, the independent non-executive Directors, were unable to attend the annual general meeting of the Company held on 24 May 2017 as they had to attend other meetings or were engaged in other businesses and commitments. However, Ms. Wu, Mr. Koo, 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 2017.

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 inside 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 2017. In addition, the consolidated financial statements of the Group for the year ended 31 December 2017 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 profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2017 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](http://www.hkex.com.hk) and at the website of the Company at [www.irasia.com/listco/hk/xingda/index.htm](http://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 2018.

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

Shanghai, the PRC, 23 March 2018

*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.*