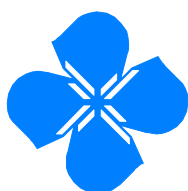


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XINGDA

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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 2020**

FINANCIAL HIGHLIGHTS			
	2020	2019	Change
	<i>RMB in million</i>	<i>RMB in million</i> (Restated)	
Revenue	7,679.9	7,581.6	+1.3%
Gross profit margin	19.9%	19.3%	+0.6pp
EBITDA (note 1)	980.5	1,101.8	-11.0%
Profit attributable to owners of the Company	115.0	285.8	-59.8%
Adjusted profit attributable to owners of the Company (note 2)	313.1	285.8	+9.6%
Earnings per share – basic (RMB cents)	7.39	18.89	-60.9%
diluted (RMB cents)	7.35	18.79	-60.9%
Gearing ratio	22.9%	15.9%	+7.0pp
Proposed final dividend/ final dividend per share (HK cents)	15.0	15.0	-
Dividend payout ratio	176.4%	71.7%	+104.7pp

Notes:

- It is defined as profit before finance costs, income tax expense, depreciation and amortisation.*
- It is defined as profit attributable to owners of the Company excluding share-based payment of Jiangsu Xingda. 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 2020 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 2020

	NOTES	Year ended 31/12/2020 RMB'000	Year ended 31/12/2019 RMB'000 (Restated)
Revenue	4	7,679,907	7,581,625
Cost of sales		(6,151,399)	(6,117,657)
Gross profit		1,528,508	1,463,968
Other income	5	159,225	126,422
Government grants		18,400	13,731
Distribution and selling expenses		(564,742)	(544,248)
Administrative expenses		(563,280)	(382,226)
Other gains and losses, net	6	(51,576)	31,285
Impairment loss recognised under expected credit loss model, net of reversal		7,351	(25,343)
Research and development expenditure		(108,485)	(107,097)
Finance costs	7	(80,961)	(40,709)
Profit before tax		344,440	535,783
Income tax expense	8	(168,992)	(129,258)
Profit for the year	9	175,448	406,525
<i>Other comprehensive (expense) income</i> <i>Item that can be reclassified subsequently to profit or loss:</i>			
Exchange difference arising on translation of foreign operations		(49,203)	40,013
Total comprehensive income for the year		126,245	446,538

	<i>NOTES</i>	Year ended 31/12/2020 RMB'000	Year ended 31/12/2019 RMB'000 (Restated)
Profit for the year attributable to:			
Owners of the Company		114,996	285,798
Non-controlling interests		60,452	120,727
		<hr/> 175,448 <hr/>	<hr/> 406,525 <hr/>
Total comprehensive income for the year attributable to:			
Owners of the Company		68,628	325,811
Non-controlling interests		57,617	120,727
		<hr/> 126,245 <hr/>	<hr/> 446,538 <hr/>
Earnings per share			
Basic (RMB cents)	11	7.39	18.89
		<hr/> 7.35 <hr/>	<hr/> 18.79 <hr/>
Diluted (RMB cents)			

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020**

	<i>NOTES</i>	31/12/2020 <i>RMB'000</i>	31/12/2019 <i>RMB'000</i> (Restated)	1/1/2019 <i>RMB'000</i> (Restated)
NON-CURRENT ASSETS				
Property, plant and equipment		4,543,522	4,526,709	3,843,962
Right-of-use assets		401,119	282,349	287,375
Freehold land		73,061	74,593	66,587
Investment properties		121,740	157,040	153,960
Term deposits		2,525,942	1,850,000	900,000
Deferred tax assets		72,698	21,262	17,321
Prepayments		23,963	26,963	29,963
		7,762,045	6,938,916	5,299,168
CURRENT ASSETS				
Inventories		773,681	847,999	862,784
Financial assets at fair value through profit or loss		84,384	84,673	60,249
Term deposits		5,011	12,000	100,000
Trade, bills and other receivables	12	6,157,711	5,317,809	5,211,035
Pledged bank deposits		—	—	52,000
Bank balances and cash		911,965	497,912	1,104,447
		7,932,752	6,760,393	7,390,515
CURRENT LIABILITIES				
Trade, bills and other payables	13	3,748,887	3,810,749	3,879,026
Contract liabilities		38,480	5,880	31,845
Amount due to a related company		3,415	3,187	1,620
Tax liabilities		77,284	16,772	20,982
Dividend payable to non-controlling interests		328,976	—	27,195
Borrowings - due within one year		2,903,181	1,872,941	1,144,443
Bank overdrafts		21,000	—	—
Lease liabilities		572	560	414
		7,121,795	5,710,089	5,105,525
NET CURRENT ASSETS		810,957	1,050,304	2,284,990
TOTAL ASSETS LESS CURRENT LIABILITIES		8,573,002	7,989,220	7,584,158
NON-CURRENT LIABILITIES				
Deferred tax liabilities		42,128	12,952	12,327
Borrowings - due after one year		670,000	300,000	150,000
Deferred income		48,805	—	—
Lease liabilities		1,494	1,239	1,525
Obligations arising from repurchase of shares		231,533	—	—
		993,960	314,191	163,852
NET ASSETS		7,579,042	7,675,029	7,420,306

	<i>NOTES</i>	31/12/2020 <i>RMB'000</i>	31/12/2019 <i>RMB'000</i> (Restated)	1/1/2019 <i>RMB'000</i> (Restated)
CAPITAL AND RESERVES				
Share capital	14	158,603	151,728	148,388
Share premium and other reserves		5,499,008	5,414,929	5,211,092
		<hr/>	<hr/>	<hr/>
Equity attributable to owners of the Company		5,657,611	5,566,657	5,359,480
Non-controlling interests		1,921,431	2,108,372	2,060,826
		<hr/>	<hr/>	<hr/>
TOTAL EQUITY		7,579,042	7,675,029	7,420,306
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

NOTES

1. GENERAL

Xingda International Holdings Limited (the "Company", and together with its subsidiaries, collectively referred to as the "Group") 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.

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 AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied *the Amendments to References to the Conceptual Framework in IFRS Standards* and the following amendments to IFRSs issued by the International Accounting Standards Board ("IASB") for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 3	Definition of a Business
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform

The application of the *Amendments to References to the Conceptual Framework in IFRS Standards* and the amendments to IFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and Amendments to IFRSs in issue but not yet effective

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

IFRS 17	Insurance Contracts and the related Amendments ¹
Amendments to IFRS 16	Covid-19-Related Rent Concessions ⁴
Amendments to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 ⁶
Amendments to IFRS 3	Reference to the Conceptual Framework ²
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2 ⁵
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to IAS 1	Classification of Liabilities as Current or Non-current ¹
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to IAS 8	Definition of Accounting Estimates ¹
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use ²
Amendments to IAS 37	Onerous Contracts - Cost of Fulfilling a Contract ²
Amendments to IFRS Standards	Annual Improvements to IFRS Standards 2018 - 2020 ²

¹ Effective for annual periods beginning on or after 1 January 2023

² Effective for annual periods beginning on or after 1 January 2022

³ Effective for annual periods beginning on or after a date to be determined

⁴ Effective for annual periods beginning on or after 1 June 2020

⁵ Effective for annual periods beginning on or after 1 January 2021

⁶ Effective for annual periods beginning on or after 1 April 2021

The directors of the Company anticipate that the application of all new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. PRIOR YEAR ADJUSTMENTS AND BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

3.1 *Prior year adjustments*

During the finalization of the consolidated financial statements of the Group for the year ended 31 December 2020, the management has identified certain adjustments in the consolidated financial statements of prior years. The effect of the prior year adjustments is set out below:

		Year ended 31/12/2019 (previously reported) RMB'000	Prior year adjustments RMB'000 (Note)	Year ended 31/12/2019 (Restated) RMB'000
	Notes			
Revenue	(a)	7,582,682	(1,057)	7,581,625
Cost of sales	(a)	(6,111,469)	(6,188)	(6,117,657)
		—————	—————	—————
Gross profit		1,471,213	(7,245)	1,463,968
Other income		126,422	—	126,422
Government grants		13,731	—	13,731
Distribution and selling expenses	(b)	(546,639)	2,391	(544,248)
Administrative expenses		(382,226)	—	(382,226)
Other gains and losses, net		31,285	—	31,285
Impairment loss recognised under expected credit loss model, net of reversal		(25,343)	—	(25,343)
Research and development expenditure		(107,097)	—	(107,097)
Finance costs		(40,709)	—	(40,709)
		—————	—————	—————
Profit before tax		540,637	(4,854)	535,783
Income tax expenses	(a) & (b)	(129,986)	728	(129,258)
		—————	—————	—————
Profit for the year		410,651	(4,126)	406,525
<i>Other comprehensive income item that can be reclassified subsequently to profit or loss</i>				
Exchange difference arising on translation of foreign operations		40,013	—	40,013
		—————	—————	—————
Total comprehensive income for the year		450,664	(4,126)	446,538
		—————	—————	—————

Profit for the year attributable to:			
Owners of the Company	288,752	(2,954)	285,798
Non-controlling interests	121,899	(1,172)	120,727
	<u>410,651</u>	<u>(4,126)</u>	<u>406,525</u>
Total comprehensive income for the year			
attributable to:			
Owners of the Company	328,765	(2,954)	325,811
Non-controlling interests	121,899	(1,172)	120,727
	<u>450,664</u>	<u>(4,126)</u>	<u>446,538</u>
Earnings per share			
Basic (RMB cents)	19.09	(0.20)	18.89
	<u>18.99</u>	<u>(0.20)</u>	<u>18.79</u>

The effect of the adjustments in the respective line items of the consolidated financial positions of the Group as at 31 December 2019 and 1 January 2019 is as follows:

		As at 1 January 2019 (previously reported) RMB'000	Prior year adjustments RMB'000	As at 1 January 2019 (Restated) RMB'000	As at 31 December 2019 (previously reported) RMB'000	Prior year adjustments RMB'000	As at 31 December 2019 (Restated) RMB'00
Current assets							
Inventories	(a)	679,911	182,873	862,784	671,314	176,685	847,999
Trade, bills and other receivables	(a)	5,494,726	(283,691)	5,211,035	5,602,557	(284,748)	5,317,809
		—————	—————	—————	—————	—————	—————
		6,174,637	(100,818)	6,073,819	6,273,871	(108,063)	6,165,808
		—————	—————	—————	—————	—————	—————
Current liabilities							
Trade, bills and other payables	(b)	3,829,080	49,946	3,879,026	3,763,194	47,555	3,810,749
Tax liabilities	(a) & (b)	43,597	(22,615)	20,982	40,115	(23,343)	16,772
		—————	—————	—————	—————	—————	—————
		3,872,677	27,331	3,900,008	3,803,309	24,212	3,827,521
		—————	—————	—————	—————	—————	—————
Total effect on net assets		2,301,960	(128,149)	2,173,811	2,470,562	(132,275)	2,338,287
		—————	—————	—————	—————	—————	—————
Total effect on equity		2,301,960	(128,149)	2,173,811	2,470,562	(132,275)	2,338,287
		—————	—————	—————	—————	—————	—————

Notes:

- a. To adjust recognition of revenue from contracts with customers in proper accounting period

The adjustment is to recognize revenue on sales of goods in accordance with the goods delivery terms that appropriately reflect the timing when control of the goods is transferred to the customers. The corresponding impact on cost of sales, inventories, trade receivables, value-added tax receivable, tax liabilities and income tax expenses has been adjusted accordingly.

- b. To adjust accrual of goods transportation expenses in proper accounting period

The adjustment is to accrue goods delivery expenses in the correct accounting period. The adjustments set out above summarized the corresponding impact on selling and distribution expenses, income tax expenses, other payables and tax liabilities.

3.2 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance (the "CO").

The consolidated financial statements have been prepared on the historical cost basis, except for certain properties and financial instruments 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. REVENUE AND SEGMENT INFORMATION

Revenue

(a) Disaggregation of revenue from contracts with customers

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

	Year ended 31/12/2020 RMB'000	Year ended 31/12/2019 RMB'000 (Restated)
Sale of products		
Radial tire cords		
- For trucks	4,192,949	4,283,049
- For passenger cars	2,434,003	2,398,261
Bead wires and other wires	1,052,955	900,315
Total	7,679,907	7,581,625
Timing of revenue recognition		
A point in time	7,679,907	7,581,625

The contracts for sales of goods to external customers are short-term and the contract prices are fixed.

The Group's customers were mainly tyre manufacturers in the PRC and other countries.

(b) Performance obligations for contracts with customers

Sale of radial tire cords, bead wires and other wires (revenue recognised at one point in time).

The Group sells radial tire cords and wires to external customers in which the revenue is recognised when the control of the goods has transferred to the customers, mainly being when the goods are either picked up at site or free on board or delivered to the designated locations.

(c) Transaction price allocated to the remaining performance obligation for contracts with customers

All performance obligations for sale of radial tire cords, bead wires and other wires are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Segment information

The directors of the Company, being the chief operating decision maker of the Group, regularly review revenue analysis by types of products which are basically radial tire cords, bead wires and other wires, for the purposes of resource allocation and assessment of performance. However, other than revenue analysis, no operating results and other discrete financial information is available for the assessment of performance of the respective types of products. The directors of the Company review the operating results of the Group as a whole to make decisions about resource allocation. The operation of the Group constitutes one single operating and reportable segment under IFRS 8 "Operating Segments" and accordingly no separate segment information is prepared. The information about its non-current assets (other than deferred tax assets and term deposits) by geographical locations of the assets are details below:

	31/12/2020	31/12/2019
	<i>RMB'000</i>	<i>RMB'000</i>
The PRC	4,175,926	3,979,241
Thailand	987,479	1,088,413
	<hr/> 5,163,405 <hr/>	<hr/> 5,067,654 <hr/>

Geographical information

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

	Year ended 31/12/2020 <i>RMB'000</i>	Year ended 31/12/2019 <i>RMB'000</i> (Restated)
The PRC (country of domicile)	5,950,769	5,544,813
India	255,644	322,049
United States of America	162,552	301,270
Thailand	316,048	251,835
Korea	109,774	174,837
Germany	88,779	86,461
Others	796,341	900,360
	<hr/> 7,679,907 <hr/>	<hr/> 7,581,625 <hr/>

"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 2020 and 2019.

5. OTHER INCOME

	Year ended 31/12/2020 <i>RMB'000</i>	Year ended 31/12/2019 <i>RMB'000</i>
Sales of scrap materials	42,625	40,664
Interest income earned on bank balances and bank deposits	95,164	66,213
Rental income from investment properties	3,556	4,804
Service income	3,184	1,974
Sundry income	14,696	12,767
	<hr/> 159,225 <hr/>	<hr/> 126,422 <hr/>

6. OTHER GAINS AND LOSSES, NET

	Year ended 31/12/2020 <i>RMB'000</i>	Year ended 31/12/2019 <i>RMB'000</i>
(Loss) gain from change in fair value of investment properties	(1,900)	3,080
Loss on disposal of property, plant and equipment	(10,271)	(22,954)
Dividend income from financial assets at FVTPL	2,177	2,516
(Loss) gain on change in fair value of financial assets at FVTPL	(289)	24,424
Net foreign exchange (loss) gain	(41,293)	24,219
	<u>(51,576)</u>	<u>31,285</u>

7. FINANCE COSTS

	Year ended 31/12/2020 <i>RMB'000</i>	Year ended 31/12/2019 <i>RMB'000</i>
Interests on:		
Bank loans and other borrowings	98,396	63,118
Bills receivables discounted	2,729	9,799
Lease liabilities	151	76
Imputed interest on obligations arising from repurchase of shares	1,533	—
	<u>102,809</u>	<u>72,993</u>
Less: amount capitalised in the cost of qualifying assets	(21,848)	(32,284)
	<u>80,961</u>	<u>40,709</u>

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 3.30% (2019: 2.92%) per annum to expenditure on qualifying assets.

8. INCOME TAX EXPENSE

	Year ended 31/12/2020 <i>RMB'000</i>	Year ended 31/12/2019 <i>RMB'000</i> (Restated)
Current tax	158,885	100,197
(Over) underprovision in prior years	(3,166)	31
Withholding tax paid	35,533	32,346
Deferred tax	(22,260)	(3,316)
	<u>168,992</u>	<u>129,258</u>

The tax charge represents income tax in the PRC which is calculated at the prevailing tax rate prevailing on the taxable income of the group entities in the PRC. Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulations of the EIT Law, the tax rate for certain PRC subsidiaries is 25% from 1 January 2008 onwards except for Jiangsu Xingda as further described below.

Following the successful in renewing the High-tech Enterprise Certificate (the "Certificate") issued on 24 October 2018, Jiangsu Xingda is continued to entitle the tax incentive as High-tech Enterprise and accordingly, the status of High-tech Enterprise is to be effective for the years 2018, 2019 and 2020. As a result, the tax rate of 15% is used to calculate the amount of current tax for the year ended 31 December 2020 (2019:15%).

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.

No provision for taxation in Thailand has been made as the Group's subsidiary in Thailand has no assessable profit for both years.

9. PROFIT FOR THE YEAR

	Year ended 31/12/2020 RMB'000	Year ended 31/12/2019 RMB'000
Profit for the year has been arrived at after charging (crediting):		
Staff cost, including directors' remuneration		
Salaries, wages and other benefits (note)	719,948	661,943
Retirement benefits scheme contributions	51,734	66,828
Share-based payments	277,067	4,976
	<hr/>	<hr/>
Total staff costs	1,048,749	733,747
Less: capitalised in inventories	(449,009)	(444,973)
Less: included in research and development expenditure	(35,297)	(36,978)
	<hr/>	<hr/>
	564,443	251,796
	<hr/>	<hr/>
Auditor's remuneration	2,031	2,316
Cost of inventories recognised as an expense	6,130,682	6,117,657
Depreciation and amortisation		
- Property, plant and equipment	545,308	517,525
- Right-of-use assets	9,811	7,817
	<hr/>	<hr/>
Total depreciation and amortisation	555,119	525,342
Less: capitalised in inventories	(446,031)	(439,158)
Less: included in research and development expenditure	(5,971)	(5,731)
	<hr/>	<hr/>
	103,117	80,453
	<hr/>	<hr/>

Gross rental income from investment properties	(4,992)	(5,120)
Less: direct operating expenses incurred for investment properties that generated rental income during the year	1,436	316
	<hr/>	<hr/>
Rental income from investment properties, net	(3,556)	(4,804)
	<hr/>	<hr/>
Short-term lease expenses	569	N/A
	<hr/>	<hr/>

Note: The amount included staff housing benefits expenses of RMB24,160,000 arising from transfer of staff quarters recorded in property, plant and equipment to certain employees.

10. DIVIDEND

	Year ended 31/12/2020 RMB'000	Year ended 31/12/2019 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 2019 – 15.0 HK cents per share (2019: final dividend paid in respect of the year ended 31 December 2018 – 15.0 HK cents per share)	204,823	197,077
	<hr/>	<hr/>
Final dividend proposed, 15.0 HK cents (financial year ended 31 December 2019: 15.0 HK cents) per share	202,861	204,823
	<hr/>	<hr/>

During the current year, a final dividend of 15.0 HK cents (2019: 15.0 HK cents) per ordinary share in an aggregate amount of RMB204,823,000 (2019: RMB197,077,000) with scrip alternatives in respect of the year ended 31 December 2019 (2019: 31 December 2018) was approved at the annual general meeting of the Company held on 17 June 2020 (2019: 28 May 2019).

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

	Year ended 31/12/2020 RMB'000	Year ended 31/12/2019 RMB'000
Dividends:		
Cash	105,127	109,226
Ordinary share alternative	99,696	87,851
	<hr/>	<hr/>
	204,823	197,077
	<hr/>	<hr/>

Subsequent to the end of the reporting period, a final dividend for the year ended 31 December 2020 of 15.0 HK cents (2019: 15.0 HK cents) per ordinary share in an aggregate amount of RMB202,861,000 (2019: RMB204,823,000) has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting.

11. EARNINGS PER SHARE

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

	Year ended 31/12/2020	Year ended 31/12/2019
	RMB'000	RMB'000 (Restated)
<u>Profit for the year attributable to owners of the Company</u>		
Earnings for the purpose of basic and diluted earnings per share	114,996	285,798
	<hr/> <hr/>	<hr/> <hr/>
	Year ended 31/12/2020	Year ended 31/12/2019
	'000	'000
<u>Number of shares</u>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,555,857	1,512,884
Effect of dilutive potential ordinary shares in respect of outstanding share awards	9,578	8,025
	<hr/> <hr/>	<hr/> <hr/>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,565,435	1,520,909

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

12. TRADE, BILLS 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 credit losses 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 accounts payable.

	31/12/2020	31/12/2019
	RMB'000	RMB'000
		(Restated)
Trade receivable - goods	2,454,551	2,284,671
Less: Allowance for credit losses	(95,020)	(135,768)
	2,359,531	2,148,903
Bills receivable	3,605,122	2,974,538
Less: Allowance for credit losses	(1,950)	—
	3,603,172	2,974,538
	5,962,703	5,123,441
Advances to suppliers of raw materials	39,331	15,289
Prepayments for spool	18,376	12,251
Interest receivables from term deposits	—	44,992
Value-add tax recoverable	113,601	42,601
Deposit paid for acquiring land use rights (note)	—	50,346
Other receivables and prepayments	28,962	34,151
Less: Allowance for credit losses on other receivables	(5,262)	(5,262)
	195,008	194,368
	6,157,711	5,317,809

Note: The amount has been transferred to right-of-use assets during the year.

As 1 January 2019, trade and bill receivables from contracts with customers amounted to RMB5,017,631,000.

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

	31/12/2020	31/12/2019
	RMB'000	RMB'000
		(Restated)
Trade receivable		
0 - 90 days	1,842,046	1,585,980
91 - 120 days	231,928	202,031
121 - 180 days	195,082	228,841
181 - 360 days	90,272	132,051
Over 360 days	203	—
	2,359,531	2,148,903
	2,359,531	2,148,903
Bills receivable		
0 - 90 days	482,520	362,678
91 - 180 days	1,416,727	1,036,660
181 - 360 days	1,610,423	1,418,944
Over 360 days	93,502	156,256
	3,603,172	2,974,538
	3,603,172	2,974,538

13. TRADE, BILLS AND OTHER PAYABLES

	31/12/2020	31/12/2019
	RMB'000	RMB'000
		(Restated)
Trade payables	1,706,739	2,151,758
Bills payable	900,000	662,000
	2,606,739	2,813,758
	2,606,739	2,813,758
Value-added tax payables and other tax payables	13,042	34,912
Accrued staff costs and pension	296,655	225,469
Payables for purchase of property, plant and equipment	697,004	587,105
Accrued interest expense	4,109	2,930
Accrued expenses	96,406	115,896
Others	34,932	30,679
	1,142,148	996,991
	1,142,148	996,991
	3,748,887	3,810,749
	3,748,887	3,810,749

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

	31/12/2020	31/12/2019
	RMB'000	RMB'000
		(Restated)
Trade payable		
0 - 90 days	943,324	1,501,132
91 - 180 days	295,487	277,044
181 - 360 days	365,943	286,656
Over 360 days	101,985	86,926
	1,706,739	2,151,758
Bills payable		
0 - 90 days	499,768	351,230
91 - 180 days	400,232	248,770
181 - 360 days	—	62,000
	900,000	662,000

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 with the suppliers. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

14. SHARE CAPITAL

	<u>Number of shares</u>		<u>Share capital</u>	
	2020	2019	2020	2019
	'000	'000	RMB'000	RMB'000
Authorised:				
3 billion ordinary shares of HK\$0.1 each	3,000,000	3,000,000	301,410	301,410
Issued and fully paid:				
At beginning of year	1,530,813	1,492,531	151,728	148,388
Issuance of scrip shares (note)	76,115	53,395	6,875	4,698
Repurchase of shares	—	(15,113)	—	(1,358)
At end of year	1,606,928	1,530,813	158,603	151,728

Note: During the year ended 31 December 2020, the Company issued and allotted 76,114,970 new ordinary shares of HK\$0.1 each as scrip alternatives for the final dividend for the year ended 31 December 2019.

During the year ended 31 December 2019, the Company repurchased its own shares through the Stock Exchange as follows:

	Number of ordinary shares '000	Price per share		Aggregate consideration paid HK\$'000	Aggregate consideration paid equivalent to RMB'000
		Highest HK\$	Lowest HK\$		
September 2019	1,242	2.09	2.07	2,612	2,355
October 2019	6,422	2.10	2.08	13,475	11,503
November 2019	5,421	2.14	2.10	11,628	10,463
December 2019	2,028	2.14	2.11	4,358	3,922
	<hr/>			<hr/>	<hr/>
	15,113			32,073	28,243
	<hr/> <hr/>			<hr/> <hr/>	<hr/> <hr/>

Apart from the Company's shares purchased under the share-award scheme of the Company, neither the Company nor any of the Company's subsidiaries purchased, repurchased, sold or redeemed any of the Company's listed securities during the years ended 31 December 2020 and 2019.

15. SHARE-BASED PAYMENT

EQUITY-SETTLED SHARE AWARD SCHEME OF JIANGSU XINGDA

The Group provides benefits to eligible employees and business partners in the form of share based payment transactions. On 26 August 2020, under a share transfer arrangement between a shareholder of Jiangsu Xingda and 3 limited liability partnerships ("LLPs"), the LLPs purchased a total of 150,000,000 shares of a subsidiary of the Company at RMB 1.67 each from this shareholder at a total consideration of RMB250,000,000. The LLPs are funded by eligible grantees, among others, directors, employees and a supplier of the Group in proportion to their entitlement of the shares.

Of this 150,000,000 shares purchased by the LLPs, 101,840,880 shares at RMB 1.67 each were granted to eligible directors, employees and a supplier rendering services to the Group at consideration equivalent to their entitled interest in the LLPs. No vesting condition is attached to these shares. The fair value of these shares is determined by the management using market approach.

In assessing the fair value of the shares of Jiangsu Xingda granted to the employees at the date of grant, the directors of the Company make reference to the recent transaction price indicated by the capital increase transaction of Jiangsu Xingda on 16 December 2020 pursuant to which the Investors (as defined in note 41) agreed to subscribe 3.35% of the shares of Jiangsu Xingda at RMB3.60 each. Details of this transaction has been disclosed in the announcement of the Company on 16 December 2020. In respect of the shares granted to the supplier, the directors of the Company also make reference to the recent transaction price indicated by the capital increase transaction as mentioned above for fair value measurement as the directors are of the opinion that the fair value of the goods or services received by the Group cannot be reliably determined.

The Group recognised the total expenses of approximately RMB254,930,000, representing RMB141,095,000, RMB54,518,000 and RMB59,317,000 recognised in administrative expenses, distribution and selling expenses and cost of sales respectively, and RMB15,918,000 for the year ended 31 December 2020 (2019: nil) in relation to shares granted to the employees and a supplier, respectively.

16. EVENT AFTER THE END OF REPORTING PERIOD

On 4 March 2021, Jiangsu Xingda and Guizhou Tyre Co., Ltd. 貴州輪胎股份有限公司 ("Guizhou Tyre") entered into a subscription agreement for the subscription by Jiangsu Xingda of 15,873,015 A shares (being non-public offer shares) to be issued by Guizhou Tyre at the subscription price of RMB6.30 per share in cash pursuant to the non-public offer. Jiangsu Xingda held 1.7% in Guizhou Tyre upon completing the transaction.

Further details of the subscription are disclosed in the announcement of the Company dated 4 March 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

According to 2020 data issued by China Rubber Industry Association, China's radial tire output was affected by the temporary suspension of tire production in the first quarter and therefore decreased by 2.9% to approximately 634 million units, of which approximately 596 million units were radial tires, representing a year-on-year decrease of 3.3%, and tire radialization was 94.0% (2019: approximately 94.5%). Radial tire output for passenger cars decreased by 5.5% year-on-year to approximately 458 million units while radial tire output for trucks increased by 4.6% year-on-year to approximately 138 million units.

In 2020, the PRC economy recorded 2.3% GDP growth, which was one of the few countries with positive growth rate in the world. Statistics compiled by China Rubber Industry Association showed that the car parc in China increased by 8.1% to RMB281 million, ranking first in the world along with the US. With car parc continuing to expand in China and the Chinese economy starting to recover in the second quarter of 2020, provided strong support to the Chinese tire replacement market.

BUSINESS REVIEW

During the year under review, benefit from the prompt and effective measures against the pandemic and the favorable policies such as inner circulation strategy implemented by the Chinese government, the Chinese economy started to rebound in the second quarter of 2020, resulting in significant growth of domestic market demand for radial tire cords in the second half year. In 2020, the Group recorded total sales volume of 882,200 tonnes, an increase of 7.9% year-on-year. Sales volume of radial tire cords rose by 4.5% year-on-year to 707,000 tonnes, making up 80.1% of the Group's total sales volume (2019: 82.7%). Sales volume of bead wires and other wires also increased by 23.9% to 175,200 tonnes, accounting for 19.9% of the Group's total sales volume (2019: 17.3%).

In terms of market segments, the sales volume of radial tire cords for trucks rose by 2.5% to 436,800 tonnes against that of last year. This was mainly due to the strong demand for radial tire cords for trucks in China starting from the second quarter of 2020. Sales volume of radial tire cords for passenger cars increased by 8.0% year-on-year to 270,200 tonnes, mainly due to the rebound of domestic market demand from the second quarter of 2020.

Sales Volume	2020 <i>Tonnes</i>	2019 <i>Tonnes</i> (Restated)	Change
Radial tire cords	707,000	676,300	+4.5%
- For trucks	436,800	426,100	+2.5%
- For passenger cars	270,200	250,200	+8.0%
Bead wires and other wires	175,200	141,400	+23.9%
Total	882,200	817,700	+7.9%

During the year under review, sales volume of the Group's radial tire cords in China increased by 10.1% to 553,100 tonnes (2019: 502,500 tonnes). This was mainly due to fast recovery of the market and fast resumption of production in China after the first quarter, which led to an increase in tires manufactured in China amid adversity, leading to booming demand of radial tire cords locally. On the other hand, the production levels of certain overseas tire manufacturers were dropped in different extent from March to June 2020 which led to sales of Xingda's radial tire cords in overseas markets decreased by 11.4% year-on-year to 153,900 tonnes (2019: 173,800 tonnes). Sales volume in domestic and overseas markets constituted 78.2% and 21.8%, respectively, of the Group's total sales volume of radial tire cords (2019: 74.3% and 25.7%).

As at 31 December 2020, the Group's annual production capacity of radial tire cords increased to 798,000 tonnes, with the Jiangsu and Shandong factories accounting for up to 645,000 tonnes and 111,000 tonnes respectively. Xingda's plant in Thailand has commenced production in 2020. The annual production capacity of radial tire cords reached 42,000 tonnes by the end of 2020, and the annual production capacity was flexibly allocated to cope with the demand of overseas markets during the second phase. The annual production capacity of bead wires and other wires also rose to 194,600 tonnes. The overall capacity utilization rate of the Group's plants in 2020 was 87.6% (2019: 91.4%).

	2020 Production Capacity (Tonnes)	2020 Utilization Rate	2019 Production Capacity (Tonnes)	2019 Utilization Rate
Radial tire cords	798,000	87.2%	730,500	93.2%
Bead wires and other wires	194,600	89.4%	170,000	83.7%
Overall	992,600	87.6%	900,500	91.4%

While constantly expanding production capacity and business presence, the Group has attached high importance to the reforms of product technology. To meet the customers' needs in different segments, the Group has devoted resources to research and development of the products and offered customized radial tire cords to customers. The Group provided a wide range of products, including 389 types of radial tire cords and 173 types of bead wires and other wires as at the end of 2020.

FINANCIAL REVIEW

Revenue

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

RMB in million

	2020	Proportion	2019 (Restated)	Proportion	Change
Radial tire cords	6,626.9	86.3%	6,681.3	88.1%	-0.8%
- For trucks	4,192.9	54.6%	4,283.0	56.5%	-2.1%
- For passenger cars	2,434.0	31.7%	2,398.3	31.6%	+1.5%
Bead wires and other wires	1,053.0	13.7%	900.3	11.9%	+17.0%
Total	7,679.9	100.0%	7,581.6	100.0%	+1.3%

During the year under review, the Group's revenue increased by 1.3% year-on-year to RMB7,679.9 million (2019: RMB7,581.6 million (restated)), mainly due to the growth in total sales volume of all products in 2020.

Gross profit and gross profit margin

The Group's gross profit increased by RMB64.5 million or 4.4% year-on-year to RMB1,528.5 million (2019: RMB1,464.0 million (restated)), with gross profit margin at 19.9% (2019: 19.3% (restated)), 0.6 percentage point higher year-on-year, mainly benefited from the costs saving from lower major raw material prices.

Other income

Other income increased by RMB32.8 million or 25.9% to RMB159.2 million (2019: RMB126.4 million), mainly due to the increase of bank interest income which was derived from term deposits and bank balances.

Government grants

Government grants for the year increased by RMB4.7 million or 34.3% to RMB18.4 million (2019: RMB13.7 million), due to the increase in subsidies from the local government.

Distribution and selling expenses

Distribution and selling expenses increased by RMB20.5 million or 3.8% to RMB564.7 million (2019: RMB544.2 million (restated)) mainly due to the share-based payment of Jiangsu Xingda amounted to RMB54.5 million in 2020, which was the cost of rewarding the sales team of Jiangsu Xingda Steel Tyre Cord Co. Ltd. The share-based payment of Jiangsu Xingda was partially offset by the lower costs of transportation and storage under lower export sales volume on a year-on-year basis.

Administrative expenses

Administrative expenses increased by RMB181.1 million or 47.4% to RMB563.3 million (2019: RMB382.2 million), mainly due to the Jiangsu Xingda's share-based payment of RMB141.1 million in 2020, which was the cost of rewarding the management of Jiangsu Xingda. In addition, increase in administrative related salaries and higher administrative costs of Thailand plant upon its commencement of production in year 2020 also lead to an increase in administrative expenses.

Other gain and losses, net

Other gains and losses, net decreased by RMB82.9 million or 264.9% from net gain of RMB31.3 million in 2019 to net loss of RMB51.6 million in 2020. It was mainly due to the net foreign exchange loss of RMB41.3 million recorded in 2020 (2019: net foreign exchange gain of RMB24.2 million) and decrease in fair value of financial assets at FVTPL.

Impairment loss recognised under expected credit loss model, net of reversal

Impairment loss recognised under expected credit loss model, net of reversal decreased by RMB32.7 million or 129.2% to a reversal of an impairment loss of RMB7.4 million (2019: impairment loss of RMB25.3 million). It was mainly attributable to a drop in an accumulated impairment loss recognised on trade receivables under impairment assessment by reference to the expected credit loss model in 2020.

Research and development expenditure

Research and development expenditure, increased by RMB1.4 million or 1.3% to RMB108.5 million (2019: RMB107.1 million). It was mainly due to the Group's ongoing effort on allocating more resources to enhance technology advancement on both production technique and emission reduction.

Finance costs

Finance costs increased by RMB29.8 million or 40.8% to RMB102.8 million (2019: RMB73.0 million) if the amount capitalised in the cost of qualifying assets of RMB21.8 million in 2020 (2019: RMB32.3 million) was excluded. The increase was mainly due to the rise of average balance of bank borrowings.

Income tax expense

The Group's income tax expense increased by RMB39.7 million or 30.7% to RMB169.0 million (2019: RMB129.3 million (restated)) and with an effective tax rate of 49.1% (2019: 24.1% (restated)). If the share-based payment of Jiangsu Xingda was excluded, the underlying profit ("Underlying Profit") of the year would be RMB446.3 million. The increase in income tax expense was mainly due to the increase in tax on higher underlying profit and increase in withholding tax arising from dividend paid to a foreign wholly owned subsidiary of the Group. The effective tax rate on Underlying Profit was 27.5% (2019: 24.1%).

Net profit

Taking the above factors into account, the Group's net profit for the year ended 31 December 2020 decreased by RMB231.1 million or 56.9% to RMB175.4 million (2019: RMB406.5 million (restated)). If the share-based payment of Jiangsu Xingda was excluded, the adjusted net profit of the Group for the year ended 31 December 2020 would be RMB446.3 million, representing an increase of RMB39.8 million or 9.8% when compared with the previous year.

Reconciliation of report profit and underlying profit

	Year ended 31/12/2020 RMB'000	Year ended 31/12/2019 RMB'000
Profit for the year	175,448	406,525
Share-based payment of Jiangsu Xingda	270,848	—
Underlying profit for the year	446,296	406,525
Underlying profit for the year attributable to:		
Owners of the Company	313,067	285,798
Non-controlling interests	133,229	120,727
	446,296	406,525

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 the cash flow generated from operating activities and financing activities whereas the principal uses of cash were for the expansion of production capacity and placement of term deposits.

Cash and cash equivalents including bank deposits of the Group increased by RMB414.1 million or 83.2% from RMB497.9 million as at 31 December 2019 to RMB912.0 million as at 31 December 2020. The increase was mainly due to the cash generated from operating activities of RMB65.3 million, bank overdrafts of RMB21.0 million and financing activities of RMB1,365.3 million exceeding the cash that has been used in investment activities of RMB1,032.9 million and the effect of foreign exchange rate changes of RMB4.6 million.

The total of borrowings and bank overdrafts increased by RMB1,421.3 million or 65.4% to RMB3,594.2 million as at 31 December 2020 from RMB2,172.9 million as at 31 December 2019. The borrowings carried interest at market rates from 2.31% to 4.90% (2019: 2.92% to 5.20%). Borrowings of RMB2,924.2 million are repayable within one year from 31 December 2020 and the remaining borrowings of RMB670.0 million are repayable after one year from 31 December 2020.

As at 31 December 2020, the Group's current assets increased by RMB1,172.4 million or 17.3% to RMB7,932.8 million (2019: RMB6,760.4 million(restated)). Current liabilities increased by RMB1,411.7 million or 24.7% to RMB7,121.8 million (2019: RMB5,710.1 million(restated)). The Group's current ratio (being defined as current assets over current liabilities) decreased to 1.11 times (2019: 1.18 times). The decrease was mainly due to the increase of borrowings which are due within one year and dividend payable to non-controlling interests. The gearing ratio (being defined as total debts (borrowings and bank overdrafts) divided by total assets) as at 31 December 2020 was 22.9% (2019: 15.9%(restated)).

FOREIGN EXCHANGE RISK

The Group's sales and purchases were principally denominated in Renminbi, US dollars and Euros. Part of the sales proceeds of US dollars and Euros have been used to purchase imported raw materials in the same currencies. Therefore, the effect upon fluctuation of Renminbi exchange rate on the Group's business performance in 2020 has been lessened.

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 any financial derivative instruments to hedge against foreign exchange currency risk during the year under review. However, the Group is closely monitoring the impact of change in value of the Renminbi on its operations and may consider appropriate hedging solutions, if required.

CAPITAL EXPENDITURE

For the year ended 31 December 2020, capital expenditure for property, plant and equipment amounted to RMB638.9 million (2019: RMB1,187.9 million).

CAPITAL COMMITMENTS

As at 31 December 2020, the Group had made a capital commitment of approximately RMB594.8 million (31 December 2019: RMB350.9 million) for acquisition of property, plant and equipment contracted for but not provided in the financial statements. The Group did not make any capital commitment for acquisition of property, plant and equipment authorised but not contracted as at 31 December 2020 and 31 December 2019 respectively.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 December 2020 and 31 December 2019.

PLEDGE OF ASSETS

As at 31 December 2020, the Group's pledged term deposits to secure its bank borrowings amounted to RMB801.7 million (2019: RMB420.0 million).

SIGNIFICANT INVESTMENTS

Pursuant to the placing letter signed by the Company on 2 October 2018, the Company has agreed to subscribe for 11,993,000 shares of Prinx Chengshan (Cayman) Holding Limited ("Prinx Chengshan", stock code: 01809), whose shares are listed on the Main Board of the Stock Exchange, at HK\$5.89 per share in cash under the initial public offering. The total subscription money, after expenses, amounted to approximately HK\$71.4 million. Prinx Chengshan is a modern enterprise focusing on the research and development, manufacturing, sales of tires and the provision of tire full-life-cycle services, and a leading domestic manufacturer in the PRC's commercial all steel radial tire replacement market. The above mentioned investment still exists and a loss on change in fair value of financial assets at fair value through profit or loss of RMB0.3 million was recorded during the year ended 31 December 2020 (2019: gain of RMB24.4 million).

The fair value of the investment in Prinx Chengshan as at 31 December 2020 was RMB84.4 million (2019: RMB84.7 million). The above mentioned investment accounted for 0.5% and 0.6% of the total assets value of the Group as at 31 December 2020 and 31 December 2019 respectively.

Save as disclosed above, the Group had no other significant investments for the years ended 31 December 2020 and 2019 respectively.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

On 18 November 2020, Jiangsu Xingda (a non-wholly owned subsidiary of the Company) entered into a capital increase agreement with Faith Maple International Limited ("Faith Maple") (a wholly-owned subsidiary of the Company) and 東營融聚投資中心(有限合夥) (Dongying Rongju Investment Centre (Limited Partnership))*("Dongying Rongju"), pursuant to which among others, Dongying Rongju agreed to subscribe for 2.47% of the total equity interest (on an enlarged basis) in Jiangsu Xingda at an equivalent total capital contribution of approximately RMB161.2 million which shall be satisfied by the transfer of its 24.50% equity interest in 山東興達鋼簾線有限公司 (Shandong Xingda Steel Tyre Cord Co., Ltd.*) ("Shandong Xingda") to Jiangsu Xingda.

On 18 November 2020, Jiangsu Xingda and Dongying Rongju entered into an equity transfer agreement, pursuant to which Dongying Rongju agreed to transfer its 24.50% equity interest in Shandong Xingda to Jiangsu Xingda, which is satisfied by the issuance of registered capital by Jiangsu Xingda representing 2.47% of its total equity interest (on an enlarged basis).

Upon completion of the transactions disclosed above, Shandong Xingda would become an indirect wholly owned subsidiary of the Company.

For details, please refer to the announcement of the Company dated 18 November 2020.

On 16 December 2020, Jiangsu Xingda (a non-wholly owned subsidiary of the Company) entered into the capital increase agreements (“Capital Increase Agreements”) with the investors, namely, 成山集團有限公司 (Chengshan Group Co., Ltd.)* (“Chengshan Group”), 玲瓏輪胎有限公司 (Linglong Tire Co., Ltd.)* (“Linglong Tire”), 賽輪集團股份有限公司 (Sailun Group Co., Ltd.)* (“Sailun Group”), 三角輪胎股份有限公司 (Triangle Tyre Co., Ltd.)* (“Triangle Tyre”) and 嘉興建信宸玥股權投資合夥企業 (有限合夥) (Jiaxing Jianxin Chenyue Equity Investment Enterprise (Limited Partnership))* (“Jiaxing Jianxin Chenyue”), pursuant to which, among others, Chengshan Group, Linglong Tire, Sailun Group, Triangle Tyre and Jiaxing Jianxin Chenyue agreed to make capital contributions of RMB50 million, RMB50 million, RMB50 million, RMB50 million and RMB30 million respectively, in cash to Jiangsu Xingda to subscribe for equity interest in Jiangsu Xingda. The capital contributions, would, in aggregate, amounted to RMB230 million.

Upon completion of the transactions contemplated under the Capital Increase Agreements, the registered capital of Jiangsu Xingda will be increased to RMB1,908,175,265 and Jiangsu Xingda will be held as to approximately 70.32%, 0.73%, 0.73%, 0.73%, 0.73%, 0.43% and 26.33% by Faith Maple, Chengshan Group, Linglong Tire, Sailun Group, Triangle Tyre, Jiaxing Jianxin Chenyue and certain other shareholders, respectively.

For details, please refer to the announcement of the Company dated 16 December 2020.

HUMAN RESOURCES

As at 31 December 2020, the Group had approximately 7,100 full time employees (31 December 2019: approximately 7,200). Total staff costs including directors’ remuneration for the year ended 31 December 2020 was approximately RMB1,048.7 million (2019: approximately RMB733.7 million). Salaries are generally reviewed with reference to employees’ merit, qualifications and competence. The calculation of bonuses was based on an evaluation of individual efforts and contributions to the financial performance of the Group. The Group also continues to provide training programs for staff to enhance their technical and product knowledge as well as awareness of industry quality standards.

In addition to salaries and bonuses, the Group also provides various benefits to employees through the Labor Union of Jiangsu Xingda (“Xingda Labor Union”). Each year, Jiangsu Xingda and Shandong Xingda contributes 2% of the total salary of staff (“Union Fee”) to support operation of the Xingda Labor Union. The Union Fee, together with other funds obtained by the Xingda Labor Union are used to provide a variety of welfare benefits and services to employees of the Group, including provision of staff quarters which employees may choose to purchase. For the year ended 31 December 2020, the amount of Union Fees contributed by the Labour Union of Jiangsu Xingda, Shandong Xingda and 泰州興達特種鋼絲繩有限公司 (Taizhou Xingda Specialized Wires Co., Ltd.) was RMB13.2 million (2019: RMB11.6 million).

According to the Social Insurance Regulations published by the State Council of China on 14 January 1999, the Group is required to make contributions to pension funds and insurance policies for its employees. Full-time employees of the Group in China are covered by the contributory pension scheme managed by the government entitling them to a monthly pension after they retire. The PRC government is responsible for crediting the pension to the retired and the Group is required to make annual contributions to the retirement scheme run by the Xinghua Municipality at a specified rate. The contribution is booked in due course as an operating expense of the Group. Under the scheme, no forfeited contributions are available to reduce the existing level of contributions. Apart from pension funds, the Group has provided medical, personal accident and unemployment insurance policies for its employees.

In 2009, the Board adopted a share award scheme to retain elite employees and encourage them to achieve performance goals by aligning their interests to the shareholders through share ownerships. Shares are to be purchased by the trustee in the market out of cash contributed by the Company and be held in trust for the selected employees until such shares are vested in them.

In 2010, 5,000,000 shares of the Company (the “First Batch Shares”) were purchased by the trustee on the public market. In 2011, another 5,000,000 shares of the Company (the “Second Batch Shares”) were purchased by the trustee on the public market. In 2013, 10,481,000 shares of the Company were purchased by the trustee on the public market, of which 5,000,000 shares were added to the Second Batch Shares and the remaining 5,481,000 shares were classified as the Third Batch Shares (the “Third Batch Shares”). In 2014, 4,519,000 shares of the Company were purchased by the trustee on the public market and were added to the Third Batch Shares. In 2016, 7,282,000 shares of the Company were purchased by the trustee on the public market (the “Fourth Batch Shares”). In 2017, 601,011 scrip shares allotted under the scrip dividend scheme of the Company as dividend derived from the shares held upon the trust in relation to the share award scheme were added to the Fourth Batch Shares. In 2018, 506,266 scrip shares allotted under the scrip dividend scheme of the Company as dividend derived from the shares held upon the trust in relation to the share award scheme were added to the Fourth Batch Shares. In 2019, 418,899 scrip shares allotted under the scrip dividend scheme of the Company as dividend derived from the shares held upon the trust in relation to the share award scheme were added to the Fourth Batch Shares. Meanwhile, 4,900,000 shares of the Company were purchased by the trustee on the public market, of which 1,075,824 shares were added to the Fourth Batch Shares and the remaining 3,824,176 shares as the Fifth Batch Shares (the “Fifth Batch Shares”). In 2020, 732,018 scrip shares allotted under the scrip dividend scheme of the Company as dividend derived from the shares held upon the trust in relation to the share award scheme were added to the Fifth Batch Shares. As at 31 December 2020, the balance of the Fourth Batch and Fifth Batch Shares were 3,252,000 shares and 4,556,194 shares respectively.

As at 31 December 2020, all the First Batch Shares, the Second Batch Shares, the Third Batch Shares and two-thirds of Fourth Batch Shares have been vested with selected employees. One-third of the Fourth Batch Shares and the Fifth Batch Shares are expected to be vested with selected employees in a four-year period from 2021 to 2024.

PROSPECTS

The emergence of several COVID-19 vaccines towards the end of 2020 created a silver lining for the global economy. It is now possible that the pandemic will be contained in the near future, with favorable consequences for the recovery of the global economy in the next year. The Chinese economy has demonstrated its resilience amid the impacts of the pandemic and has become the first country to recover among all of the world’s economies. In addition, 2021 is the first year of the 14th Five-year Plan, the Chinese government will continue to adhere to the general principle of “making progress while maintaining stability” and adopt monetary policies and fiscal policies as the key means to maintain the operation of its economy in a reasonable range. Although domestic and foreign economic activities have gradually resumed, there remains risks of uncertainties and imbalances.

While setting strategic goals for its business, Xingda will strengthen its risk management, covering corporate strategies, business operations and financial risks.

2020 was an important year for the tire industry in China. Certain domestic tire companies actively invested capital in construction and capacity expansion, which are both expected to drive market demand in the future. The Group will work together with radial tire customers to grasp new opportunities for growth and technological innovation arising from the industry's use of intelligent manufacturing and the Industry of Internet in a bid to lead the new development of the industry. Xingda will enhance its core competitiveness, improve the quality of its products and its management and operation standards, stabilize sales growth overseas and prudently respond to the ever-changing political environment.

DIVIDEND

The Board has recommended the payment of a final dividend of 15.0 HK cents (approximately RMB12.6 cents) per share for the financial year ended 31 December 2020 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, 18 June 2021.

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 Friday, 2 July 2021. 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, 30 July 2021.

ANNUAL GENERAL MEETING

An annual general meeting of the Company will be held on Tuesday, 8 June 2021, 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, 3 June 2021 to Tuesday, 8 June 2021, 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 Tuesday, 8 June 2021, 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, 2 June 2021.

The proposed final dividend for the year ended 31 December 2020 is subject to the approval by the shareholders of the Company at the forthcoming annual general meeting to be held on Tuesday, 8 June 2021. The register of members of the Company will be closed from Wednesday, 16 June 2021 to Friday, 18 June 2021, 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, 15 June 2021.

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 2020.

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 2020, 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.

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 2020.

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 audited annual results of the Group for the year ended 31 December 2020. In addition, the consolidated financial statements of the Group for the year ended 31 December 2020 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, consolidated statement of cash flows and the related notes thereto for the year ended 31 December 2020 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 of the Company for the year ended 31 December 2020 will be dispatched to the shareholders and made 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 2021.

RESUMPTION OF TRADING

At the request of the Company, trading in the shares of the Company was suspended with effect from 9:00 a.m. on Thursday, 1 April 2021. Application will be made by the Company to the Stock Exchange for the resumption of trading of the shares of the Company with effect from 9:00 a.m. on Friday, 16 April 2021.

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

Shanghai, the PRC, 15 April 2021

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