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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: 1899)

FINAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007

RESULTS

The board of directors (the "Board") of Xingda International Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2007 together with the comparative figures for the previous year as follows:

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007

	NOTES	**2007**	2006
		RMB'000	*RMB'000*
Revenue	4	**2,778,061**	2,516,189
Cost of sales		**(2,076,112)**	(1,784,329)
Gross profit		**701,949**	731,860
Other income	5	**102,628**	73,555
Government grants		**11,282**	10,062
Selling and distribution expenses		**(102,128)**	(90,047)
Administrative expenses		**(187,489)**	(132,872)
Finance costs	6	**(89,743)**	(88,614)
Gain (loss) on fair value adjustment on the convertible bonds		**76,915**	(158,597)
Profit before tax		**513,414**	345,347
Income tax expense	7	**(64,593)**	(478)
Profit for the year	8	**448,821**	344,869
Profit attributable to:			
Equity holders of the Company		**345,412**	194,235
Minority shareholders		**103,409**	150,634
		448,821	344,869
Dividend recognized as distribution	9	**50,305**	18,627
Earnings per share	10		
Basic (RMB cent)		**25.97**	21.31
Diluted (RMB cent)		**18.70**	21.31

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2007

	NOTES	**2007**	2006
		RMB'000	*RMB'000*
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		**2,074,219**	1,879,021
Prepaid lease payments		**115,298**	117,783
Available-for-sale investments		**500**	500
Deposits paid for purchase of property, plant and equipment		**190,294**	1,017
		2,380,311	1,998,321
CURRENT ASSETS			
Prepaid lease payments		**2,487**	2,487
Inventories		**288,724**	226,045
Trade and other receivables	11	**1,642,559**	1,573,895
Pledged bank deposits		**42,676**	—
Bank balances and cash		**947,356**	1,370,242
		2,923,802	3,172,669
CURRENT LIABILITIES			
Trade and other payables	12	**500,142**	454,139
Amounts due to directors		**335**	319
Amount due to a related company		**2,844**	607
Amounts due to minority shareholders		**—**	8,996
Tax payable		**48,128**	24,541
Bank borrowings - due within one year		**1,201,720**	1,159,960
Convertible bonds		**237,083**	7,493
		1,990,252	1,656,055
NET CURRENT ASSETS		**933,550**	1,516,614
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,313,861**	3,514,935
NON-CURRENT LIABILITIES			
Bank borrowings - due after one year		**—**	200,000
Convertible bonds		**—**	741,791
Government grants		**24,900**	15,000
		24,900	956,791
NET ASSETS		**3,288,961**	2,558,144
CAPITAL AND RESERVES			
Share capital	13	**139,091**	129,405
Reserves		**2,402,332**	1,776,410
		2,541,423	1,905,815
MINORITY INTERESTS		**747,538**	652,329
TOTAL EQUITY		**3,288,961**	2,558,144

NOTES

1. GENERAL

The Company was incorporated under the laws of the Cayman Islands with limited liability on 19 April 2005. Its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The registered office of the Company is located at Cricket Square, Hutchins Drive, P. O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of its business is Xinghua City, Jiangsu Province, the People's Republic of China (the "PRC").

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

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

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, the following new and revised International Accounting Standard ("IAS"), International Financial Reporting Standard ("IFRS"), amendments and interpretations ("new IFRSs") issued by the International Accounting Standards Board (the "IASB") and the International Financial Reporting Interpretations Committee (the "IFRIC") of the IASB which are effective for the Group's financial year beginning 1 January 2007.

IAS 1(Amendment)	Capital Disclosures
IFRS 7	Financial Instruments: Disclosures
IFRIC 7	Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies
IFRIC 8	Scope of IFRS 2
IFRIC 9	Reassessment of Embedded Derivatives
IFRIC 10	Interim Financial Reporting and Impairment

No prior period adjustment has been required since the adoption of the new IFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented, except for the following area:

The Group has applied the disclosure requirements under IAS 1 (Amendment) and IFRS 7 retrospectively. Certain information presented in prior year under the requirements of IAS 32 has been removed and relevant comparative information based on the requirements of IAS 1 (Amendment) and IFRS 7 has been presented for the first time in the current year.

The Group has not early applied the following new and revised standards or interpretations that have been issued but are not yet effective.

IAS 1 (Revised)	Presentation of Financial Statements[1]
IAS 23 (Revised)	Borrowing Costs[1]
IAS 27 (Revised)	Consolidated and Separate Financial Statements[2]
IAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[1]
IFRS 2 (Amendment)	Vesting Conditions and Cancellations[1]
IFRS 3 (Revised)	Business Combinations[2]
IFRS 8	Operating Segments[1]
IFRIC 11	IFRS 2 - Group and Treasury Share Transactions[3]
IFRIC 12	Service Concession Arrangements[4]
IFRIC 13	Customer Loyalty Programmes[5]
IFRIC 14	IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[4]

[1] Effective for annual periods beginning on or after 1 January 2009
[2] Effective for annual periods beginning on or after 1 July 2009
[3] Effective for annual periods beginning on or after 1 March 2007
[4] Effective for annual periods beginning on or after 1 January 2008
[5] Effective for annual periods beginning on or after 1 July 2008

The directors of the Company ("Directors") anticipate that the application of these standards, amendments and interpretations will have no material impact on the results and the financial position of the Group.

The adoption of IFRS 3 (revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. IAS 27 (revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared under the historical cost basis, except for certain financial instruments that have been measured at fair values.

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

4. REVENUE

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

The Group's operations are located in the PRC and substantially all of the Group's consolidated revenue and segment profit from operations are derived from the manufacture and distribution of radial tire cords are bead wires to customers substantially located in the PRC. Accordingly, no analyses by business segment and geographical area of operations are provided.

5. OTHER INCOME

	2007	2006
	RMB'000	*RMB'000*
Interest income	**51,941**	26,823
Sales of scrap materials	**34,403**	26,762
Cash discounts received from suppliers	**11,924**	—
Sundry income	**4,241**	5,288
Gain on disposal of property, plant and equipment	**119**	—
Net foreign exchange gain	**—**	14,682
	102,628	73,555

6. FINANCE COSTS

	2007	2006
	RMB'000	*RMB'000*
Interest on:		
Bank loans wholly repayable within five years	**69,043**	72,328
Note receivables discounted	**20,700**	16,286
	89,743	88,614

7. INCOME TAX EXPENSE

	2007	2006
	RMB'000	*RMB'000*
The charge comprises:		
Current tax		
Current year	**64,593**	1,087
Overprovision in prior year	**—**	(609)
	64,593	478

The tax charge represents income tax in the PRC which is calculated at the prevailing tax rate of 33% on the taxable income of the group entities in the PRC.

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

Pursuant to the Foreign-Invested Enterprises and Foreign Enterprise Income Tax Law 外商投資企業和外國企業所得稅法 in the PRC, Jiangsu Xingda Steel Tyre Cord Co., Ltd. ("Jiangsu Xingda") was entitled to the exemptions from PRC Foreign Enterprise Income Tax ("FEIT") for two years starting from its first profit-making year, followed by a 50% tax relief for the next three years. Jiangsu Xingda was exempted from FEIT for the year ended 31 December 2005 and 2006 and enjoyed a 50% tax relief for the year ended 31 December 2007.

On 16 March 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. The New Law and Implementation Regulations will change the tax rate from 33% to 25% on a progressive basis for certain subsidiaries of the Company from 1 January 2008. The deferred tax balance has been adjusted to reflect the tax rates that are expected to apply to the respective periods when the asset is realised or the liability is settled.

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

	2007	2006
	RMB'000	*RMB'000*
Profit before tax	**513,414**	345,347
Tax at the PRC tax rate of 33%	**169,427**	113,965
Tax effect of fair value adjustment on the convertible bonds not (taxable) deductible for tax purposes	**(25,382)**	52,337
Tax effect of expenses not deductible for tax purposes	**15,422**	54,279
Tax effect of income not taxable for tax purposes	**(11,859)**	(7,308)
Tax effect of tax relief/ tax exemption	**(88,263)**	(212,163)
Tax effect of deductible temporary differences not recognised	**4,041**	—
Overprovision in prior year	**—**	(609)
Others	**1,207**	(23)
Tax charge for the year	**64,593**	478

The Group has no significant unprovided deferred tax at the balance sheet date.

8. PROFIT FOR THE YEAR

	2007	2006
	RMB'000	*RMB'000*
Profit for the year has been arrived at after charging and crediting:		
Directors' emoluments	**29,303**	30,374
Other staff costs	**192,789**	149,776
Retirement benefits scheme contributions		
Current year	**3,515**	4,132
Overprovision in prior year	**(1,331)**	(4,132)
Total staff costs	**224,276**	180,150
Allowance for doubtful debts	**4,328**	4,833
Amortisation of prepaid lease payments	**2,485**	2,523
Auditor's remuneration	**1,941**	1,120
Cost of inventories recognised as an expense	**2,076,112**	1,784,329
Depreciation for property, plant and equipment	**178,612**	149,555
Net foreign exchange loss	**31,189**	—
Transaction costs attributable to issue of the convertible bonds	**—**	629

9. DIVIDEND

	2007	2006
	RMB'000	*RMB'000*
Ordinary shares:		
2006 interim paid - USD232.96 per share	**—**	18,627
2006 final paid – 4.0 HK cents per share	**50,305**	—
	50,305	18,627

A final dividend for the year ended 31 December 2007 of 6.0 HK cents (2006: 4.0 HK cents) per share has been proposed by the directors of the Company and is subject to approval by its shareholders in general meeting.

10. EARNINGS PER SHARE

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

	2007	2006
	RMB'000	*RMB'000*
Earnings		(note)
Earnings for the purposes of basic earnings per share	**345,412**	194,235
Effect of dilutive potential ordinary shares on convertible bonds	**(76,915)**	—
Earnings for the purposes of diluted earnings per share	**268,497**	194,235

	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**1,329,949**	911,633
Effect of dilutive potential ordinary shares on convertible bonds	**105,753**	—
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**1,435,702**	911,633

Note: For the year ended 31 December 2006, the calculation of the basic earnings per share for the year is based on the profit attributable to the equity holders of the Company for the year and by reference to the weighted average number of shares 911,632,877. The computation of diluted earnings per share does not assume the conversion of the Company's outstanding convertible bonds since their exercise would result in an increase in earnings per share.

11. TRADE AND OTHER RECEIVABLES

The Group has a policy of allowing an average credit period of 120 days to its trade customers. The following is an aged analysis of trade receivables at the balance sheet date:

	2007 *RMB'000*	2006 *RMB'000*
Trade receivables		
0 - 90 days	**706,665**	632,378
91 - 180 days	**115,024**	236,585
181 - 360 days	**98,824**	54,528
Over 360 days	**49,238**	6,082
	969,751	929,573
Less: Allowance for doubtful debts	**(10,411)**	(6,082)
	959,340	923,491
Note receivables		
0 - 90 days	**241,199**	356,474
91 - 180 days	**228,733**	181,142
181 - 360 days	**—**	2,636
	469,932	540,252
Advance to raw material suppliers	**137,581**	71,903
Import tax and value-added tax receivable from the PRC customs	**—**	7,619
Spools	**20,381**	15,072
Excess payment for purchase of properties	**29,166**	—
Other receivables and prepayments	**26,279**	15,678
Less: Allowance for doubtful debts	**(120)**	(120)
	213,287	110,152
	1,642,559	1,573,895

12. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables at the balance sheet date:

	2007 *RMB'000*	2006 *RMB'000*
Trade payables		
0 - 90 days	**139,113**	146,334
91 - 180 days	**30,476**	18,224
181 - 360 days	**9,220**	5,427
Over 360 days	**5,686**	9,071
	184,495	179,056

Value-added tax payables and other tax payables	**28,046**	13,715
Accrued staff costs	**100,077**	78,998
Payables for purchase of property, plant and equipment	**110,719**	113,884
Advance from customers	**25,239**	—
Accrual pension and unemployment income	**13,629**	14,960
Accrued interest expense	**2,105**	2,424
Accrued electricity charges	**25,777**	20,115
Accrued listing expenses	**—**	21,375
Others	**10,055**	9,612
	315,647	275,083
	500,142	454,139

13. SHARE CAPITAL

	Number of shares	Amount	Equivalent to
		USD	*RMB'000*
Authorised:			
Ordinary shares of USD1 each on 1 January 2006	50,000	50,000	413
		HKD	
Re-denomination from USD to HKD and subdivision of shares by 1 into 78 shares of HKD0.10 each on 3 December 2006	3,900,000	390,000	413
Increase on 3 December 2006	2,996,100,000	299,610,000	300,997
At 31 December 2006, 1 January 2007 and 31 December 2007	3,000,000,000	300,000,000	301,410
		USD	*RMB'000*
Issued and fully paid:			
At 1 January 2006	10,000	10,000	83
		HKD	
Re-denomination from USD to HKD and subdivision of shares by 1 into 78 shares of HKD0.10 each on 3 December 2006	780,000	78,000	83
Capitalisation of the share premium account	899,220,000	89,922,000	90,500
Issue of shares on 21 December 2006	386,000,000	38,600,000	38,822
At 31 December 2006 and 1 January 2007	1,286,000,000	128,600,000	129,405
Issue of shares upon conversion of convertible bonds	121,504,693	12,150,469	11,748
Repurchase of shares	(21,328,000)	(2,132,800)	(2,062)
At 31 December 2007	1,386,176,693	138,617,669	139,091

During the year ended 31 December 2007, the Company repurchased a total of 21,328,000 of its own shares on the Stock Exchange at a price of HKD2.40 to HKD2.66 per share, at a total consideration, before expenses, of RMB52,496,000. The repurchased shares were cancelled and an amount equivalent to the nominal value of these shares of RMB2,062,000 was transferred from retained earnings to the capital redemption reserve. The premium paid on the repurchased shares was charged against the retained earnings.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

According to relevant market statistics, China's automobile industry is growing currently at around 25% a year and the country's ranking in the global automobile market had climbed from the eighth to the third place. China is now the second largest consumer and third largest producer of automobiles in the world. According to the statistics of the China Association of Automobile Manufacturers, China produced nearly 9,000,000 vehicles in 2007, representing a year-on-year growth of 22%.

Persistent strong demand for automobiles in China continued to be the major drive behind the rapidly growing tire industry of the country. According to the China Rubber Industry Association, the country's total tire output in 2007 rose by 18% year-on-year to 330 million units of which 230 million units were radial tire, representing a rise of 28% against previous year. Positive effects brought from structural adjustment of China-made tires have so far achieved a radialization rate of around 70%. In addition, demand for radial tires from the global market has been surging. The country exported more than 141 million units during the year, representing a 27% growth against the previous year.

BUSINESS REVIEW

The Group is a global leading independent radial tire cords manufacturer. It produces primarily radial tire cords and bead wires and sells its products to both domestic and renowned global tire manufacturers.

In 2007, the Group's total sales volume had grown stably to 234,400 tonnes, 20.8% more than that in 2006. During the year, the Group's radial tire cords achieved an 18.7% increase in sales volume to 198,200 tonnes, accounting for 84.6% of the Group's total sales volume (2006: 86.1%). Sales volume of bead wires rose by 34.1% to 36,200 tonnes, accounting for 15.4% of the Group's total sales volume (2006: 13.9%).

During the year, the Group sold 162,300 tonnes of radial tire cords for truck, up by 21.2% against the previous year. The sales volume of radial tire cords for passenger car also increased by 8.5%, to 35,900 tonnes. Sales volumes of radial tire cords for truck and passenger car accounted for 81.9% and 18.1% of the Group's total sales volume of radial tire cords (2006: 80.2% and 19.8%), respectively.

Sales Volume	**2007** ***Tonnes***	2006 *Tonnes*	Change
Radial Tire Cord	**198,200**	167,000	+18.7%
- For Truck	***162,300***	*133,900*	*+21.2%*
- For Passenger Car	***35,900***	*33,100*	*+8.5%*
Bead Wire	**36,200**	27,000	+34.1%
Total Sales Volume	**234,400**	194,000	+20.8%

During the year under review, China remained the Group's major market. Domestic sales volume of radial tire cords increased by 19.0% to 196,000 tonnes, accounting for 98.9% of the Group's total volume of radial tire cords sold (2006: 95.0%). In 2007, the Group secured several new overseas customers and expects overseas sales portion to increase gradually.

The Group implemented active cost control measures including increasing procurement of domestic high-end steel wire rods and enhancing relationship with suppliers to ensure it can obtain raw materials at a competitive price. The practice maintained the proportion of the steel wire rods cost to total cost of sales at 53.1% (2006: 53.1%).

Moreover, the Group made better than expected progress with the expansion of its business. With the completion of Phase I of the Group's No. 8 Factory ("Factory No.8"), the Group's production capacity of radial tire cords was boosted to 237,100 tonnes by the end of 2007, representing an increase of 22.2% compared with last year. The production capacity of bead wires remained at 39,000 tonnes for both 2006 and 2007. The utilization rate of radial tire cords maintained at about 84% in 2007 (2006:85%).

	2007 Production Capacity (Tonnes)	**2007 Utilization Rate**	2006 Production Capacity (Tonnes)	2006 Utilization Rate
Radial Tire Cords	**237,100**	**84%**	194,100	85%
Bead Wires	**39,000**	**93%**	39,000	70%

To keep in pace with the fast changing market of radial tire cords, the Group places utmost emphasis on developing new products. During the year under review, it added 37 new types of radial tire cords and 12 new types of bead wires to its product line. As at the end of 2007, the Group offered a well-diversified range of products including 83 types of radial tire cords and 30 types of bead wires to its customers.

PROSPECTS

More and more worldwide tire giants are setting up production facilities in China and the tire industry in China has been undergoing consolidation. Such phenomena have directly benefited upstream manufacturers in the tire production chain, in favor of particularly large scale manufacturers like the Group. According to the forecasts of the China Rubber Industry Association and other authoritative organizations, the demand for radial tire cords in China will exceed 800,000 tonnes in 2008, an increase of over 25% when compared with 2007. Capitalizing on the Group's leadership in the radial tire cord industry in China, the Group is confident of delivering better financial results and better returns to the shareholders of the Company in the future.

In the second half of 2007, the sustainable strong market demand for radial tire cords has helped stabilizing the average selling price of the Group's products. In order to migrate the surging raw material prices and production costs, the Group raised the selling price of both radial tire cords and bead wires on 1 January 2008. Besides, to cope with the hiking steel rod price, the Group changed the pricing strategy from annual basis to quarterly basis in order to align with the steel rod procurement contracts, aiming to maintain a more stable gross profit margin.

Riding on the strong and growing domestic demand, the Group will speed up expansion of Factory No. 8 targeting to increase the annual production capacity for high performance radial tire cords by 40,000 to 50,000 tonnes a year in each of the next three years, reaching a total production capacity for radial tire cords of approximately 400,000 tonnes by 2011.

The Group will continue to focus on the China market. By consolidating its leadership in the country, the Group keeps exploring overseas markets and strive to secure more renowned world-class tire manufacturers as long-term customers. This will ultimately boost the Group's sales in the future and allow it to strengthen its foothold in the global market.

To heighten production efficiency, the Group will actively develop new products and improve production craftsmanship. It will also increase the proportion of domestic steel wire rods so as to reduce production cost. In addition, the Group will keep a close watch on industry development and continue to expand its operation through organic growth and mergers and acquisitions. Being one of the largest independent radial tire cord manufacturers in the world, the Group sees its global standing continuing to improve, aiding its advance towards becoming one of the top radial tire cord manufacturers in the world.

FINANCIAL REVIEW

Revenue

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

RMB in million	**2007**	**Proportion**	2006	Proportion	Change
Radial Tire Cord	**2,589**	**93%**	2,369	94%	+220
- *For Truck*	***2,183***	***78%***	*1,971*	*78%*	*+212*
- *For Passenger Car*	***406***	***15%***	*398*	*16%*	*+8*
Bead Wire	**189**	**7%**	147	6%	+42
Total	**2,778**	**100%**	2,516	100%	+262

Benefiting from the strong and sustainable growth in the domestic China radial tire cord market, the Group managed to maintain leadership and market share in China. During the year ended 31 December 2007, the Group sold 234,400 tonnes of radial tire cords and bead wires, representing a growth of 20.8% compared with last year. However, due to fierce market competition and the unfavourable product mix change, the overall average selling price of the products fell 8.2% year-on-year. As a result, the total revenue of the Group increased by 10.4%, or RMB261.9 million, from RMB2,516.2 million in 2006 to RMB2,778.1 million in 2007.

Gross profit and gross profit margin

Facing consistent hikes in the price of steel wire rods and other direct materials, the Group increased domestic sourcing and improved manufacturing efficiency to raise the output ratio so as to minimize the impact from increasing production cost. Moreover, with the boosted economy of scale, the Group's overall gross profit margin maintained at 25.3% (2006: 29.1%) while gross profit declined by RMB29.9 million, or 4.1%, from RMB731.9 million in 2006 to RMB701.9 million in 2007.

Other income and government grant

Other income increased by 39.5%, or RMB29.1 million, from RMB73.6 million in 2006 to RMB102.6 million in 2007. The increase was mainly due to the increase in bank interest income and cash discounts received from suppliers. Government grant increased by RMB1.2 million, or 12.1%, from RMB10.1 million in 2006 to RMB11.3 million in 2007. The increment was mainly due to increase in incentive subsidies received from the local government during the year.

Operating expenses

Selling and distribution expenses increased from RMB90.0 million in 2006 to RMB102.1 million in 2007, representing a 13.4% increase. It was mainly caused by the increase in transportation cost brought by the growth in sales volume. When compared to last year, administrative expenses increased by RMB54.6 million in 2007. Such an increment was mainly due to the increase in staff costs of RMB7.5 million and the exchange loss of RMB31.2 million recorded during the year.

Finance costs

Finance costs increased slightly by RMB1.1 million, or 1.3%, to RMB89.7 million in 2007 when compared to RMB88.6 million in 2006. The increase was mainly contributed by the increase in interest on note receivables discounted, partially offset by the decrease in interest on bank borrowings wholly repayable within five years.

Fair value adjustment on convertible bonds

The Company issued convertible bonds of principal amount of USD30,400,000, USD19,666,667 and USD3,933,333 (the "Convertible Bonds") on 7 May 2005, 29 December 2005 and 18 January 2006 respectively at a coupon rate of 1% per annum and a maturity of three years from the date of issue. Under International Accounting Standard 32 and 39, the Convertible Bonds have to be stated at fair value which is determined by an independent expert valuer at each period end. The fair value of the Convertible Bonds is arrived at after using the Black-Scholes option pricing model with the input of various variables including the closing price of the shares, the volatility of the market for the Company's shares and the time to maturity of the Convertible Bonds.

The gain on fair value adjustment on the convertible bonds was RMB76.9 million in 2007, representing a difference of RMB235.5 million when compared with the loss of RMB158.6 million in 2006. The gain in 2007 was mainly contributed by the drop in market price of the Company's shares from the closing price of HKD3.18 per share as at 29 December 2006 (the last trading day of 2006) when compared to the closing price of HKD1.91 per share as at 31 December 2007.

Income tax

Due to the expiration of the tax holiday of a major operating subsidiary on 1 January 2007, the Group had an income tax charge of RMB64.6 million with an effective tax rate of 12.6% reflecting a tax rate of 15% levied on the taxable income of the major operating subsidiary, partially offset by the gain on fair value adjustment on the convertible bonds which was non-taxable under relevant tax rules.

Net profit

Taking all the above factors into account, the Group's net profit for the year ended 31 December 2007 amounted to RMB448.8 million, representing an increase of 30.1%, or RMB103.9 million, from RMB344.9 million in last year. Should the gain or loss on fair value adjustment on the convertible bonds and exchange difference arising from non-operating activities be excluded, the adjusted net profit for the year ended 31 December 2007 would be RMB397.9 million, representing an decrease of 18.6%, or RMB90.9 million when compared with RMB488.8 million in last year.

Reconciliation of report profit and underlying profit for the year

	2007	2006
	RMB'000	*RMB'000*
Profit for the year	**448,821**	344,869
(Gain) loss on fair value adjustment on the convertible bonds (note)	**(76,915)**	158,597
Net exchange loss (gain) arising from non-operating activities	**25,951**	(14,682)
Underlying profit for the year	**397,857**	488,784
Underlying profit for the year attributable to:		
Equity holders of the Company	**294,448**	338,150
Minority shareholders	**103,409**	150,634
	397,857	488,784

Note: Gain or loss on fair value adjustment on the convertible bonds represented the change in the fair value of the convertible bonds calculated by an independent and recognized international business valuer. The impact of the change in fair value of the convertible bonds was not considered to be arising from the ordinary course of business of the Group.

LIQUIDITY AND CAPITAL RESOURCES

The principal source of liquidity and capital resources was cash flow generated from operating activities whereas the principal uses of cash were operational costs and expansion of production capacity.

Bank balances and cash including bank deposits of the Group decreased by RMB422.9 million from RMB1,370.2 million as at 31 December 2006 to RMB947.3 million as at 31 December 2007. The decrease was due to the net cash used in investing activities of RMB552.0 million which was mainly for the expansion of production capacity and the net cash used in financing activities of RMB369.2 million which was mainly for the repayment of bank borrowings and payment of interest and dividends, partially offset by the net cash generated from operating activities of RMB498.3 million.

Bank borrowings decreased by 11.6%, or RMB158.3 million from RMB1,360.0 million as at 31 December 2006 to RMB1,201.7 million as at 31 December 2007. The bank borrowings carry interest at market rates from 5.43% to 8.69% per annum and are repayable within one year from the balance sheet date.

The Group's current assets dropped by 7.8% from RMB3,172.7 million as at 31 December 2006 to RMB2,923.8 million as at 31 December 2007 whereas Group's current liabilities increased by 20.2% from RMB1,656.1 million as at 31 December 2006 to RMB1,990.3 million as at 31 December 2007. The Group's current ratio (being defined as current assets over current liabilities) decreased from 1.92 times as at 31 December 2006 to 1.47 times as at 31 December 2007. The decrease was mainly attributable to the decrease in bank balances and increase in current portion of the convertible bonds. The gearing ratio which is measured by total debts (bank borrowings and convertible bonds) to total assets decreased from 41% as at 31 December 2006 to 27% as at 31 December 2007 due to the decrease in convertible bonds causing by the conversion made during the year and the decrease in fair value on the convertible bonds.

CONVERTIBLE BONDS

In May 2005, the Company issued the first tranche of Convertible Bonds to Tetrad Ventures Pte Ltd ("Tetrad") and Henda Limited ("Henda") for an aggregate principal amount of USD30,400,000 (approximately RMB222.1 million) Subject to adjustment clause, the Convertible Bonds are convertible at approximately HKD1.853 (approximately RMB1.735) per ordinary share of the Company ("Share"). Should the holders of the Convertible Bonds opt not to convert the Convertible Bonds, the Company will be required to redeem the Convertible Bonds in May 2008. In December 2005 and January 2006, Tetrad and Henda subscribed for the second tranche of Convertible Bonds for an aggregate principal amount of USD23,600,000 (approximately RMB172.4 million), which will be repayable in December 2008 and January 2009. Such second tranche of Convertible Bonds is also convertible at approximately HKD1.853 (approximately RMB1.735) per Share. On 13 September 2006, Tetrad transferred to Goldman Sachs Strategic Investments (Asia) L.L.C. ("GSSIA") Convertible Bonds in the aggregate principal amount of USD5,257,058 (approximately RMB38.4 million).

Under the terms of the Convertible Bonds, each of Henda, Tetrad and GSSIA has the right to require the early redemption of their respective Convertible Bonds under certain circumstances, including change in control of the Company other than as a result of listing.

During the year ended 31 December 2007, the Company paid the holders of the Convertible Bonds interest of USD540,000 (approximately RMB3.9 million) (2006: USD500,667 or approximately RMB3.9 million).

On 5 July 2007, the Company received a conversion notice served by Tetrad, electing to convert a principal amount of USD19,871,471 of the first tranche of convertible bond issued by the Company to Tetrad ("First Tranche Tetrad Bond") into Shares at a conversion price of HKD1.853 per Share pursuant to the conditions of the First Tranche Tetrad Bond. Immediately following the allotment and issue of the Shares pursuant to the said conversion, Tetrad held 83,628,471 Shares, representing approximately 6.5% of the issued share capital of the Company immediately prior to such conversion and approximately 6.1% of the enlarged issued share capital of the Company immediately following to such conversion.

On 26 July 2007 and 31 December 2007, the Company received conversion notices served by Henda electing to convert an aggregate principal amount of USD9,000,000 of the total outstanding principal amount of the first tranche of convertible bond ("First Tranche Henda Bond") and the second tranche of convertible bond ("Second Tranche Henda Bond") issued by the Company to Henda, into a total number of 37,876,222 Shares at a conversion price of HKD1.853 per Share pursuant to the relevant conditions of the First Tranche Henda Bond and the Second Tranche Henda Bond. Immediately following the allotment and issue of the Shares pursuant to the said conversions, Henda held an aggregate of 37,876,222 Shares, representing approximately 2.73% of the enlarged issued share capital of the Company immediately following to such conversions.

The outstanding principal of the Convertible Bonds has been reduced from USD54,000,000 to USD25,128,529 upon the allotment of Shares pursuant to the conversions mentioned above.

CAPITAL EXPENDITURE

For the year ended 31 December 2007, capital expenditure of the Group for property, plant and equipment amounted to RMB374.5 million (2006: RMB357.8 million).

CAPITAL COMMITMENTS

As at 31 December 2007, the Group had capital commitment in respect of acquisition of property, plant and equipment contracted for but not provided in the financial statements of approximately RMB307.8 million (2006: RMB85.5 million).The Group did not have any capital commitment in respect of acquisition of property, plant and equipment authorized but not contracted for in both years.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 December 2007.

PLEDGE OF ASSETS

As at 31 December 2007, the Group pledged bank deposits of RMB42.7 million (2006: land use right and property, plant and equipment with an aggregate carrying value of approximately RMB808.5 million) to secure its bank borrowings.

FOREIGN EXCHANGE RISK

The Group's sales were principally denominated in Renminbi and US dollars whereas purchases were also transacted mainly in the same currencies. The amount received from sales in US dollars had been fully utilized for the payments in US dollars. Therefore, the appreciation of Renminbi did not bring material unfavourable effect to the Group's operations. Apart from certain bank balances in HK dollars and convertible bonds in US dollars, almost all of the Group's assets and liabilities are denominated in Renminbi, thus the foreign exchange risk of the Group was not significant except for the said bank balances and convertible bonds which may expose to foreign exchange fluctuation. The Group did not engage in any instrument to hedge against the foreign exchange risk during the year under review. However, the Group will closely monitor the Renminbi appreciation and will use appropriate hedging solution if necessary.

HUMAN RESOURCES

As at 31 December 2007, the Group had approximately 6,500 (31 December 2006: approximately 5,800) full time employees and all of them were based in China. The total staff costs including directors' emoluments for the year ended 31 December 2007 were approximately RMB224.3 million (2006: approximately RMB180.2 million). The remuneration packages which consist of salaries and bonuses are based on the employees' merit, qualifications and competence and are generally reviewed annually. The Group continues to provide training programs for staff to enhance technical and product knowledge as well as knowledge of industry quality standards.

DIVIDEND

The Board has recommended the payment of a final dividend of 6 HK cents (2006: 4 HK cents) per share for the financial year ended 31 December 2007 to the shareholders whose names appear on the register of members of the Company on Wednesday, 28 May 2008. The final dividend will be payable on Monday, 23 June 2008.

ANNUAL GENERAL MEETING

An annual general meeting of the Company will be held on Wednesday, 28 May 2008, 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 member of the Company will be closed from Saturday, 24 May 2008 to Wednesday, 28 May 2008, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend to be approved at the forthcoming annual general meeting to be held on Wednesday, 28 May 2008, all transfers of shares accompanied by the relevant share certificates and properly completed transfer forms must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30p.m. on Friday, 23 May 2008.

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

During the year ended 31 December 2007, the Company purchased a total of 21,328,000 shares of par value HKD0.10 each in its issued share capital on the Stock Exchange at an aggregate consideration, before expenses, of approximately HKD54,295,000 (equivalent to approximately RMB52,496,000).

The repurchase of the Company's shares were made pursuant to the general mandate granted to the board of Directors by the shareholders of the Company at the annual general meeting of the Company held on 28 May 2007 and all of the aforesaid repurchased shares have been duly cancelled.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2007.

CORPORATE GOVERNANCE PRACTICES

To promote high level of transparency, accountability and independence in the interests of the shareholders, the Company is committed to maintain high standards of corporate governance.

The Company has applied the principles in and complied with the code provisions of the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules throughout the year ended 31 December 2007, except for the deviation from code provision A.2.1 which provides that the roles of chairman and chief executive officer 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 the Board acts in the best interest of the Company. The Company does not have the position of chief executive officer 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 five executive Directors, the Executive Committee of the Company (comprising four executive Directors) 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.

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 by the Company, all Directors have confirmed that they have complied with the required standards set out in the Model Code during the year ended 31 December 2007.

REVIEW OF FINANCIAL STATEMENTS

The Audit Committee has reviewed with management the accounting principles and practice adopted by the Group, discussed auditing, financial reporting matters and has reviewed the annual results for the year ended 31 December 2007. In addition, the consolidated financial statements of the Group for the year ended 31 December 2007 have been audited by the Group's auditor, Messrs. Deloitte Touche Tohmatsu and an unqualified opinion report was issued.

REVIEW OF THE ANNUAL RESULTS BY AUDITOR

The figures in respect of the Group's consolidated balance sheet, consolidated income statement and the related notes thereto for the year ended 31 December 2007 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 performed 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 RESULT ANNOUNCEMENT AND ANNUAL REPORT

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

APPRECIATION

The Board would like to express its gratitude to all employees for their diligence and contribution. At the same time, the Board is also thankful for the support it has from all the customers, suppliers and shareholders of the Group. The Group will continue to work as a team to push for more brilliant results in 2008.

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

Shanghai, the PRC, 8 April 2008

As at the date of this announcement, the executive Directors are Mr. LIU Jinlan, Mr. LIU Xiang, Mr. TAO Jinxiang, Mr. WU Xinghua, Mr. CAO Junyong and Mr. ZHANG Yuxiao, the non-executive Directors are Mr. LU Guangming George, Ms. WU Xiaohui and Mr. ZHOU Mingchen and the independent non-executive Directors are Mr. KOO Fook Sun, Louis, Mr. William John SHARP and Ms. XU Chunhua.