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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2009

INTERIM RESULTS

The board of directors (the "Board") of Xingda International Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2009 together with the comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2009

		Six months ended 30 June	
	NOTES	**2009**	2008
		(unaudited)	(unaudited)
		RMB'000	*RMB'000*
Revenue		**1,526,756**	1,775,187
Cost of sales		**(1,141,619)**	(1,299,664)
Gross profit		**385,137**	475,523
Other income		**46,292**	38,563
Government grants		**24,867**	41,474
Selling and distribution expenses		**(54,097)**	(66,555)
Administrative expenses		**(59,079)**	(111,298)
Finance costs		**(31,688)**	(44,332)
(Loss) gain on fair value adjustment on the convertible bonds		**(1,033)**	18,971
Profit before tax		**310,399**	352,346
Income tax expense	4	**(41,080)**	(41,978)
Profit for the period	5	**269,319**	310,368
Other comprehensive income			
Fair value gain on available-for-sale investments		**113,685**	—
Total comprehensive income for the period		**383,004**	310,368

	NOTE	Six Months ended 30 June **2009** **(unaudited)** ***RMB'000***	 2008 (unaudited) *RMB'000*
Profit for the period attributable to:			
Owners of the Company		**200,795**	238,663
Minority interests		**68,524**	71,705
		269,319	310,368
Total comprehensive income attributable to:			
Owners of the Company		**314,480**	238,663
Minority interests		**68,524**	71,705
		383,004	310,368
Earnings per share	7		
Basic (RMB fen)		**14.49**	17.22
Diluted (RMB fen)		**14.40**	13.76

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2009

	NOTES	**As at 30 June 2009 (unaudited)**	As at 31 December 2008 (audited)
		RMB'000	*RMB'000*
ASSETS AND LIABILITIES			
NON-CURRENT ASSETS			
Property, plant and equipment		**2,727,124**	2,575,489
Prepaid lease payments		**177,595**	179,524
Available-for-sale investments		**211,770**	98,585
Deposits paid for purchase of property, plant and equipment		**18,782**	11,870
Deposit paid for purchase of land use right		**60,845**	—
Deferred tax assets		**18,897**	12,605
		3,215,013	2,878,073
CURRENT ASSETS			
Prepaid lease payments		**3,858**	3,858
Inventories		**320,759**	510,985
Trade and other receivables	8	**1,789,307**	1,565,652
Pledged bank deposits		—	33,880
Bank balances and cash		**725,299**	445,971
		2,839,223	2,560,346
CURRENT LIABILITIES			
Trade and other payables	9	**499,771**	472,616
Amounts due to directors		**48**	48
Amount due to a related company		**2,170**	827
Amount due to a minority shareholder		**1,840**	1,716
Government grants		—	900
Tax payable		**30,459**	45,738
Bank borrowings		**1,485,000**	1,117,739
Convertible bonds		—	41,561
		2,019,288	1,681,145
NET CURRENT ASSETS		**819,935**	879,201
NET ASSETS		**4,034,948**	3,757,274

	As at 30 June 2009 (unaudited) *RMB'000*	As at 31 December 2008 (audited) *RMB'000*
CAPITAL AND RESERVES		
Share capital	**139,091**	139,091
Reserves	**2,963,858**	2,746,508
Equity attributable to owners of the Company	**3,102,949**	2,885,599
Minority interests	**931,999**	871,675
TOTAL EQUITY	**4,034,948**	3,757,274

NOTES:

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board (the "IASB").

2. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial information has been prepared under the historical cost basis, except for certain financial instruments which are measured at fair values.

The accounting policies used in the unaudited condensed consolidated interim financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2008 except described as below.

In the current interim period, the Group has applied, for the first time, a number of new and revised standards, amendments and interpretations (“new or revised IFRSs”) issued by the IASB and the International Financial Reporting Interpretations Committee (the "IFRIC") of the IASB, which are effective for the Group’s financial year beginning on 1 January 2009.

IAS 1 (Revised 2007) has introduced a number of terminology charges, including revised titles for the unaudited condensed consolidated interim financial information, and has resulted in a number of changes in presentation and disclosure. IFRS 8 is a disclosure Standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The predecessor Standard, IAS 14 “Segment Reporting”, required the identification of two sets of segments (business and geographical) using a risks and returns approach. In the past, no analyses by business segment and geographical areas of operations are provided under IAS 14. The application of IFRS 8 has not resulted in a redesignation of the Group’s reportable segments as compared with the primary reportable segments determined in accordance with IAS 14 (see note 3).

IAS 23 (Revised 2007) Borrowing Costs

In previous years, the Group expensed all borrowing costs that were directly attributable to the acquisition, construction or production of a qualifying asset when they were incurred. IAS 23 (Revised 2007) removes the option available under the previous version of the Standard to recognise all borrowing costs as expenses immediately and requires all such borrowing costs to be capitalised as part of the cost of the qualifying asset. The Group has applied the transitional requirements in IAS 23 (Revised 2007) and applied the revised accounting policy to borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009. As the revised accounting policy has been applied prospectively since 1 January 2009, the change has had no impact on amounts reported in prior accounting periods.

In the current period, no borrowing costs were capitalised as part of the cost of a manufacturing plant.

The adoption of the new and revised IFRSs has had no material effect on the reported results and financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied new and revised standards, amendments or interpretations that have been issued but are not yet effective. The adoption of IFRS 3 (Revised 2008) may affect the Group's accounting for business combinations for which the acquisition dates are on or after 1 January 2010. IAS 27 (Revised 2008) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. The directors of the Company anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

The Group has adopted IFRS 8 "Operating Segments" with effect from 1 January 2009. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance. In contrast, the predecessor Standard (IAS 14 "Segment Reporting" required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments.

In the past, no analyses by business segment and geographical areas of operations are provided under IAS 14 as 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 trading of radial tire cords and bead wires to customers substantially located in the PRC.

The directors of the Company regularly review revenue analysis by types of products which are basically radial tire cords and bead 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 Groups as a whole to make decisions about resource allocation. The operation of the Group constitutes one single operating and reportable segment under IFRS 8 and accordingly no separate segment information is prepared.

4. INCOME TAX EXPENSE

	Six months ended 30 June	
	2009	2008
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
The charge comprises:		
Current tax		
Current period	**47,372**	51,063
Deferred taxation	**(6,292)**	(9,085)
	41,080	41,978

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

No provision for Hong Kong Profits Tax has been made in the unaudited condensed consolidated interim financial information as the Group's profit neither arises in, nor is derived from, Hong Kong for both periods.

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 and 2008 and for the year ending 31 December 2009.

At 30 June 2009, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised was RMB547.9 million. No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

5. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging (crediting) the following items:

	Six months ended 30 June	
	2009	2008
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
Depreciation of property, plant and equipment	**117,126**	106,879
Amortisation of prepaid lease payments	**1,929**	1,243
Gain on sale of available-for-sale investments	**(1,942)**	—
Allowance for doubtful debts	**1,661**	14,214
Research and development expenditure	**3,099**	9,389
Exchange loss, net	**485**	12,036
Loss (gain) on disposal of property, plant and equipment	**351**	(314)

6. DIVIDENDS RECOGNISED AS DISTRIBUTION

	Six months ended 30 June	
	2009	2008
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
Final dividend paid for 2008 - HK 8 cents per share (2008: final dividend paid for 2007 - HK 6 cents per share)	**97,130**	74,043

A subsidiary declared dividend to its shareholders during the period as follows:

	Six months ended 30 June	
	2009	2008
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
Minority interests	**8,200**	—

No dividends were proposed during the reported period. The directors do not recommend the payment of an interim dividend.

7. 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:

	Six months ended 30 June	
	2009	2008
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
Earnings		
Earnings for the purpose of basic earnings per share (profit for the period attributable to owners of the Company)	**200,795**	238,663
Effect of dilutive potential ordinary shares		
Fair value adjustment on convertible bonds	**1,033**	(18,971)
Exchange realignment on convertible bonds	**(17)**	(14,415)
Earnings for the purpose of the diluted earnings per share	**201,811**	205,277
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,386,177**	1,386,177
Effect of dilutive potential ordinary shares on convertible bonds	**15,279**	105,487
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,401,456**	1,491,664

8. TRADE AND OTHER RECEIVABLES

The Group allows an average credit period of 120 days to its trade customers.

The following is an analysis of trade and note receivables by age, presented based on the invoice date and maturity date respectively:

	As at 30 June 2009 (unaudited)	As at 31 December 2008 (audited)
	RMB'000	*RMB'000*
Trade receivables		
0 - 90 days	**753,073**	415,486
91 - 180 days	**113,520**	217,723
181 - 360 days	**112,490**	183,528
Over 360 days	**124,286**	21,768
	1,103,369	838,505

Note receivables		
0 - 90 days	**229,481**	298,682
91 - 180 days	**314,707**	247,009
181 - 360 days	**4,000**	—
	548,188	545,691
Advance to suppliers	**97,975**	125,555
Other receivables and prepayments	**39,895**	56,021
Less: Allowance for doubtful debts	**(120)**	(120)
	137,750	181,456
	1,789,307	1,565,652

9. TRADE AND OTHER PAYABLES

The following is an analysis of trade and note payables by age, presented based on the invoice date and maturity date respectively:

	As at 30 June 2009 (unaudited) ***RMB'000***	As at 31 December 2008 (audited) *RMB'000*
Trade payables		
0 - 90 days	**139,921**	169,379
91 - 180 days	**20,121**	51,311
181 - 360 days	**11,092**	6,971
Over 360 days	**6,580**	1,333
	177,714	228,994
Note payables		
0 - 90 days	**115,000**	—
Value-added tax payables and other tax payables	**16,799**	9,555
Accrued staff costs	**44,211**	90,324
Payables for purchase of property, plant and equipment	**86,142**	98,997
Accrued electricity charges	**31,041**	17,581
Others	**28,864**	27,165
	207,057	243,622
	499,771	472,616

MANAGEMENT DISCUSSION AND ANALYSIS

We are pleased to present the interim results of Xingda International Holdings Limited (the “Company”) and its subsidiaries (together, the “Group” or “Xingda”) for the six months ended 30 June 2009.

The PRC Central Government’s economic stimulus program launched during the period, coupled with the real radial tire demand resumed in the second quarter of 2009, have largely offset the negative impacts posted by the financial turmoil in the fourth quarter of 2008 and the traditional slack season in the first quarter of 2009. Sales orders of the Group were recovered soonest in March 2009, leveled down the total sales drop in the first six months of 2009. The Group’s revenue during the period recorded RMB1,526.8 million (first half of 2008: RMB1,775.2 million). Gross profit and margin decreased to RMB385.1 million (first half of 2008: RMB475.5 million) and 25.2% (first half of 2008: 26.8%) respectively. Together with the Group’s effective cost saving measures, Xingda managed to maintain its profit attributable to owners of the Company at RMB200.8 million (first half of 2008: RMB238.7 million). The Board does not recommend payment of interim dividend for the six months ended 30 June 2009.

The overall operating environment of the PRC was at the uptrend during the period, booming demand for radial tire provided favorable conditions for downstream players, especially those domestic leading tire manufacturers, and hence the upstream leading players like the Group. On the one side, demand for truck tire was boosted by domestic construction and infrastructure projects which stimulated the road transportation sectors. While tire demand for passenger car was resumed with the auto stimulus package offered by provincial and city governments.

According to the China Association of Automobiles Manufacturers, in the first half of 2009, sales of truck rose by 16.5% to approximately 1.10 million units while sales of passenger car recorded a year-on-year increase of 21.6% to approximately 3.24 million units, contributing to the growth of demand for truck tire and passenger car tire in the second quarter of 2009. By reference to the statistics provided by the China Rubber Industry Association, radial tires output in China from January to June 2009 increased by 17% to approximately 158 million units, representing the prompt recovery of the radial tire cord industry after the economic downturn at the end of 2008.

BUSINESS REVIEW

During the first half of 2009, the Group’s total sales volume dropped to 119,500 tonnes, 12.8% less than the same period of 2008. Radial tire cords continued to be the Group’s core product and 101,700 tonnes were sold, a year-on-year decrease of 11.5%, accounting for 85.1% of the total sales volume (first half of 2008: 83.8%) of the Group. The sales volume of bead wires decreased by 19.8% to 17,800 tonnes, accounting for 14.9% of the total sales volume (first half of 2008: 16.2%).

The sales of radial tire cords for truck, which have a higher gross profit margin, continued to be the Group’s major source of income. Nevertheless, the sales volume of the said product dropped to 84,400 tonnes in the first half of 2009, a decrease of 13.9% when compared with the same period of last year. The drop of sales of the above product was partially offset by the increase in sales of radial tire cords for passenger car, which recorded a year-on-year growth of 2.4% to 17,300 tonnes. Radial tire cords for truck and passenger car accounted for 83.0% and 17.0% of the Group’s total sales volume of radial tire cords respectively (first half of 2008: 85.3% and 14.7% respectively).

During the period, domestic business continued to dominate and contributed 95.1% share in total sales volume. With the Group's endeavors to expand the overseas market, big improvement could be seen in overseas market which both overseas sales volume and revenue share approximately 5% of the Group's total sales volume and revenue in the first half of 2009.

During the period, the Group increased sourcing and usage of domestic steel wire rods and succeeded in reducing acquisition costs in the second quarter to control the cost of steel wire rods in general, accounting for 52.4% of total cost of sales (first half of 2008: 52.2%). The Group will continue to exercise effective cost control measures and adjust the product average selling price timely, in order to stabilize the Group's profit margin.

With the expansion plan of the Group's No. 8 Factory carried out, the production capacity for radial tire cords was up 10.9% to 315,000 tonnes while that of bead wires reached 66,000 tonnes, which is the same as compared with the same period in 2008. The overall production utilization rate of the Group decreased from 86.0% in the first half of 2008 to 61.4% in the first half of 2009 and it is expected that the increased production capacity should be able to meet the market demand for the second half of 2009.

The Group continued to focus on research and development and it developed 6 new types of radial tire cords and 4 types of bead wires during the period. As at 30 June 2009, the Group offers a portfolio of 120 types of radial tire cords and 46 types of bead wires (first half of 2008: 97 types of radial tire cords and 30 types of bead wires).

FINANCIAL REVIEW

Revenue

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

	Six months ended 30 June				
RMB in million	**2009**	**Proportion (%)**	2008	Proportion (%)	Change
Radial Tire Cords	**1,420**	**93**	1,624	91	-204
- *For Truck*	***1,212***	***79***	*1,425*	*80*	*-213*
- *For Passenger Car*	***208***	***14***	*199*	*11*	*9*
Bead Wires	**107**	**7**	151	9	-44
Total	**1,527**	**100**	1,775	100	-248

The Group achieved a total revenue of RMB1,526.8 million during the period, 14.0% or RMB248.4 million less than RMB1,775.2 million for the first half of 2008. The decrease was mainly due to the drop of sales of radial tire cords for truck during the period. Regardless of the decrease of sales in radial tire cords for truck, sales of the said product continued to dominate the Group's business. As the Group accepted more export orders for radial tire cord for passenger car, therefore, both the sales volume and revenue for the radial tire cords for passenger car increased 2.4% and 4.5% compared with the same period in last year, respectively.

Gross profit and gross profit margin

For the six months ended 30 June 2009, the Group's gross profit declined by 19.0% or RMB90.4 million to RMB385.1 million from RMB475.5 million for the first half of 2008. The decrease was mainly caused by the drop of market demand and the consumption of relative high costs steel rods in the first quarter of 2009. Nonetheless, the Group succeeded in minimizing the extent of decrease through bulk purchase of steel wire rods when the price of them dropped in the second quarter of 2009. The overall gross profit margin of the Group decreased slightly from 26.8% to 25.2% resulting from an increase in sales proportion of radial tire cords for passenger car of which the gross profit margin is relatively lower than those for truck.

Other income and government grant

Other income of the Group increased by RMB7.7 million, or 19.9%, from RMB38.6 million for the first half of 2008 to RMB46.3 million for the period under review. The increase was attributable to the discounts received from various creditors fully offset the decrease in both bank interest income and sales of scrap raw materials. Due to the decreased subsidy from the local government of Xinghua City, the Government grant for the period dropped by 40.0% from RMB41.5 million for the first half of 2008 to RMB24.9 million for the first half of 2009.

Operating expenses

Selling and distribution expenses of the Group decreased from RMB66.6 million for the first half of 2008 to RMB54.1 million for the first half of 2009, representing a decrease of 18.8%. It was mainly caused by the decrease in salaries and rewards payable to sales team in line with the decrease in revenue. When compared to the same period of 2008, administrative expenses for the six months ended 30 June 2009 decreased by RMB52.2 million. Such a decrement was mainly due to the decrease in remuneration for senior management, impairment on trade and other receivables and exchange loss.

Finance costs

Finance costs decreased by RMB12.6 million or 28.4% to RMB31.7 million from RMB44.3 million in the same period of 2008. The decrease was mainly caused by the decrease in effective interest rate.

Fair value adjustment on convertible bonds

The Company issued convertible bonds for an aggregate principal amount of approximately USD30.4 million, USD19.7 million and USD3.9 million (the "Convertible Bonds") on 7 May 2005, 29 December 2005 and 18 January 2006 respectively, with a coupon rate of 1.0% per annum and the respective maturity date is the banking day immediately preceding the third anniversary of the relevant date of issue (subject to extension in accordance with the terms and conditions of the Convertible Bonds). 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 as 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 share price of the Company's shares, the volatility of the market for the Company's shares and the time to maturity of the Convertible Bonds.

The loss on fair value adjustment on the Convertible Bonds was RMB1.0 million for the first half of 2009, representing a difference of RMB20.0 million, when compared to the gain of RMB19.0 million for the corresponding period in 2008. The loss for the first half of 2009 was mainly due to the increase in market price of the Company's shares from HKD0.74 per share as at 31 December 2008 to HKD1.65 per share as at 6 May 2009, the maturity date of the remaining Convertible Bonds held by the Company.

Income tax

The Group had an income tax charge of RMB41.1 million with an effective tax rate of approximately 13.2% during the period. The effective tax rate for the period increased slightly by approximately 1.3 percentage points from approximately 11.9% in the first half of 2008. The increase was the result of a decline in deferred tax credit, when compared with the first half of 2008.

Net profit

Taking the above factors into account, the Group's net profit for the six months ended 30 June 2009 amounted to RMB269.3 million, representing a decrease of RMB41.1 million, or 13.2%, when compared with the corresponding period of last year. If the gain or loss on fair value adjustment on the convertible bonds and exchange difference arising from non-operating activities were excluded, the adjusted net profit of the Group for the six months ended 30 June 2009 would be RMB271.5 million, representing a decrease of RMB24.2 million, or 8.2%, when compared with the same period last year.

Reconciliation of report profit and underlying profit attributable to owners of the Company

	Six months ended	
	2009	2008
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
Profit for the period	**269,319**	310,368
Loss (gain) on fair value adjustment on the convertible bonds (Note)	**1,033**	(18,971)
Non-trade nature exchange loss	**1,150**	4,339
Underlying profit for the period	**271,502**	295,736
Underlying profit for the period attributable to:		
Owners of the Company	**202,978**	224,031
Minority shareholders	**68,524**	71,705
	271,502	295,736

Note: Gain or loss on fair value adjustment on the Convertible Bonds represented the change in the fair value of the Convertible Bonds as calculated by an independent and recognized international business valuer. The change in fair value of the bonds did not arise from the ordinary course of operation of the Group.

LIQUIDITY, CAPITAL RESOURCES AND CAPITAL STRUCTURE

During the period, there was no change in the Group's funding and treasury policy. The principal source of liquidity and capital resources was cash flows generated from operating and financing 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 increased by RMB279.3 million from RMB446.0 million as at 31 December 2008 to RMB725.3 million as at 30 June 2009. The increase was due to the cash generated from operating activities of RMB400.2 million and financing activities of RMB187.8 million exceeds the net cash outflow of RMB308.7 million from investing activities.

The bank borrowings were in Renminbi and increased by RMB367.3 million or 32.9% to RMB1,485.0 million as at 30 June 2009 from RMB1,117.7 million as at 31 December 2008. The bank borrowings carry interest at market rates from 4.37% to 5.31% (first half of 2008: 5.91% to 9.20%) and are repayable within one year from the balance sheet date.

The Group's current assets increased by 10.9% to RMB2,839.2 million as at 30 June 2009 from RMB2,560.3 million as at 31 December 2008 and its current liabilities increased by 20.1% from RMB1,681.1 million as at 31 December 2008 to RMB2,019.3 million as at 30 June 2009. The Group's current ratio (being defined as current assets over current liabilities) was reduced from 1.52 times as at 31 December 2008 to 1.41 times as at 30 June 2009. The decrease was mainly caused by the increase in bank borrowings repayable within one year. The gearing ratio which is measured by total debts (bank borrowings and Convertible Bonds) to total assets increased from 21.3% as at 31 December 2008 to 24.5% as at 30 June 2009 due to an overall increase in debts despite the convertible bonds were decreased upon redemption.

CONVERTIBLE BONDS

In May 2005, the Company issued the first tranche of Convertible Bonds ("First Tranche Bonds") to Tetrad Ventures Pte Ltd ("Tetrad") and Henda Limited ("Henda") for an aggregate principal amount of USD30.4 million (approximately RMB222.1 million). Subject to adjustment, the First Tranche Bonds are convertible at approximately HKD1.853 (approximately RMB1.735) per ordinary share of the Company ("Share") to be issued upon conversion. If the First Tranche Bonds have not been converted in full into shares by 6 May 2008 ("First Tranche Maturity Date"), Tetrad and Henda may require the Company to redeem the outstanding amounts of the First Tranche Bonds respectively. In December 2005 and January 2006, Tetrad and Henda subscribed for the second tranche of Convertible Bonds ("Second Tranche Bonds") for an aggregate principal amount of USD23.6 million (approximately RMB172.4 million), which will be repayable by Tetrad and Henda in December 2008 and January 2009 respectively. The Second Tranche Bonds are also convertible at approximately HKD1.853 (approximately RMB1.735) per Share subject to adjustment. On 13 September 2006, Tetrad agreed to transfer to Goldman Sachs Strategic Investments (Asia) L.L.C. ("GSSIA") part of the First Tranche Bonds in the aggregate principal amount of approximately USD5.3 million (approximately RMB38.4 million) ("GSSIA Bond").

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

In July 2007, Tetrad elected to convert a principal amount of approximately USD19.9 million (approximately RMB151.1 million) of the First Tranche Bonds into Shares at a conversion price of HKD1.853 per Share. Immediately following such conversion, Tetrad held 83,628,471 Shares, and the outstanding principal amount of the First Tranche Bond and the Second Tranche Bond held by Tetrad was USD204,804 (approximately RMB1.42 million) and approximately USD19.7 million (approximately RMB134.9 million) respectively.

In July 2007 and December 2007, Henda elected to convert a principal amount of USD4.5 million (approximately RMB32.9 million), being part of the First Tranche Bonds, and a principal amount of USD4.5 million, being the total outstanding principal amount of the First Tranche Bonds and the Second Tranche Bonds held by Henda, respectively, into shares at a conversion price of HKD1.853 per Share. Immediately following such conversions, Henda held 37,876,222 Shares and the First Tranche Bonds and the Second Tranche Bonds held by Henda were fully converted.

In April 2008, the Company received a notice given by GSSIA to extend the First Tranche Maturity Date for a period of one year to 6 May 2009.

In May 2008, the Company received a notice given by Tetrad requiring the Company to redeem on the First Tranche Maturity Date an aggregate principal amount of USD204,804 (approximately RMB1.42 million) of the First Tranche Bonds, being all the outstanding principal amount of the First Tranche Bonds held by Tetrad, at the redemption amount of USD230,942. The Company also paid Tetrad an amount of USD34,169 (approximately RMB240,000) being all the outstanding and unpaid interests accrued on the First Tranche Bonds held by Tetrad up to and including the First Tranche Maturity Date. Upon the said redemption becoming effective, Tetrad held 83,628,471 Shares and the principal amount of USD204,804 of the First Tranche Bonds so redeemed was forthwith cancelled whereas the outstanding principal amount of the Second Tranche Bonds held by Tetrad remained unchanged at approximately USD19.7 million (approximately RMB134.9 million).

In December 2008, the Company received a notice given by Tetrad to require the Company to redeem on 24 December 2008 (“Second Tranche Maturity Date”) an aggregate principal amount of USD19,666,667 of the Second Tranche Bonds, being all the outstanding principal amount of the Second Tranche Bonds held by Tetrad, at the redemption amount of USD22,178,781. The Company also paid Tetrad an amount of USD194,511, being all the outstanding and unpaid interests accrued on the Second Tranche Bonds held by Tetrad up to and including the Second Tranche Maturity Date. Upon the said redemption becoming effective, Tetrad held 83,628,471 Shares and the Second Tranche Bonds so redeemed were forthwith cancelled whereupon Tetrad ceased to hold any convertible bond issued by the Company.

In May 2009, the Company received a notice given by GSSIA to require the Company to redeem on 6 May 2009 an aggregate principal amount of USD5,257,058 of the GSSIA Bond, being all the outstanding principal amount of the GSSIA Bond, at the redemption amount of USD6,179,704. The Company also paid GSSIA an amount of USD52,570 (approximately RMB359,000) (first half of 2008: USD137,691 or approximately RMB969,000), being all the outstanding and unpaid interests accrued on the GSSIA Bond up to and including 6 May 2009. Upon the said redemption becoming effective, the GSSIA Bond so redeemed was forthwith cancelled and GSSIA ceased to hold any convertible bond issued by the Company.

All convertible bonds issued by the Company were redeemed or converted into Shares before 30 June 2009. As at 30 June 2009, Tetrad and Henda held 83,628,471 Shares and 37,876,222 Shares respectively, representing 6.03% and 2.73% of the issued share capital of the Company respectively as at 30 June 2009.

FOREIGN EXCHANGE RISK

The Group's sales and purchases were principally denominated in Renminbi and US dollars. As proceeds from sales in US dollars were used entirely in payment, possible appreciation of the Renminbi had little impact on the operation of the Group.

As apart from certain bank balances in HK and US dollars, almost all of the assets and liabilities of the Group were denominated in Renminbi, the Group was not exposed to significant foreign exchange risk. Thus, during the period under review, exchange rate fluctuation had not caused any major adverse impact on the operation or liquidity of the Group. Accordingly, the Group did not enter any financial derivative instruments to hedge against the foreign exchange currency exposures during the period under review. However, the Group will closely monitor the impact of change in value of the Renminbi on its operation and consider appropriate hedging solutions to use, if required.

CAPITAL COMMITMENTS

As at 30 June 2009, the Group had made capital commitment of approximately RMB92.8 million (31 December 2008: RMB53.8 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 authorized but not contracted for as at 30 June 2009.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 30 June 2009.

SIGNIFICANT INVESTMENTS

For the six months ended 30 June 2009, the Group had no new significant external investments.

SIGNIFICANT ACQUISITIONS AND DISPOSALS

The Group had no significant acquisitions and disposals for the six months ended 30 June 2009.

HUMAN RESOURCES

As at 30 June 2009, the Group had approximately 5,700 (31 December 2008: approximately 4,500) full time employees and all of them were based in the PRC. Total staff costs including directors' remuneration for the six months ended 30 June 2009 was approximately RMB94.3 million (first half of 2008: approximately RMB147.2 million). The salaries are generally reviewed with reference to the 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. Besides, the Group continues to provide training programmes for staff to enhance their technical and product knowledge as well as knowledge of industry quality standards.

In addition to salaries and bonuses, the Group also provides various benefits to employees through the Labour Union of Jiangsu Xingda ("Xingda Labour Union"). Each year, Jiangsu Xingda contributes 2% of the total salary of staff to support operation of the Xingda Labour Union ("Union Fee"). The Union Fee, together with other funds obtained by the Xingda Labour Union are used to provide different welfare benefits and services to employees of the Group, including provision of staff quarters which employees may choose to purchase. For the six months ended 30 June 2009, the amount of Union Fee contributed by Jiangsu Xingda to the Xingda Labour Union amounted to RMB1.5 million (first half of 2008: RMB2.9 million).

According to the Social Insurance Regulations published by the State Council of the PRC 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 the PRC are covered by the contributory pension scheme managed by the state entitling them to a monthly pension after they retired. 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 operating expense of the Group. Under the scheme, no forfeited contributions are available to reduce the existing level of contributions. Apart from the pension funds, the Group has provided medical, personal accidental and unemployment insurance policies for its employees of different levels.

PROSPECTS

The RMB4 trillion economic stimulus program launched by the Central Government in early 2009 which focuses on infrastructure sectors gave impetus to the China economy. Xingda was one of the beneficiaries and the Group expects to continue to benefit from the improvement in domestic GDP during the second half of 2009.

Market demand has been showing signs of further recovery since July and contributed to the increase in orders on the Group's products. The Group therefore believes that its business performance will be improved, and expects the sales and profit will increase in the next half year. In addition, as the Group has entirely consumed the steel rods of relatively higher cost which eased the pressure of cost, the Group is positive towards the growth of gross profit in the second half of 2009. With expansion of factory No. 8 carried out, the increased production capacity will be sufficient to satisfy the increased market demand. The Group will keep track of the market demand and carry out expansion plan as appropriate.

Foreseeing an upward trend in domestic market demand, the Group will continue to focus on the PRC market so as to capture the market opportunities. It will also continue to pursue its overseas market expansion plan, aiming to strengthen its overseas market position. The Group will continue to strictly adopt cost saving measures and flexible pricing strategy in order to stabilize and enhance the Group's revenue and profit. Looking forward, the Group will strive to expand its business and riding on its solid expansion strategy to gradually enlarge market share and income base. It will seek to strengthen leadership in the PRC radial tire cords industry and bring better returns to shareholders.

INTERIM DIVIDEND

The Board of directors of the Company does not recommend for the payment of interim dividend for the six months ended 30 June 2009.

CORPORATE GOVERNANCE PRACTICES

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

The Company has applied the principles in and complied with the code provisions of the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2009, 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 that 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, the Company has received confirmations from all Directors that they have complied with the required standards set out in the Model Code during the six months ended 30 June 2009.

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 six months ended 30 June 2009.

REVIEW OF INTERIM FINANCIAL INFORMATION

The audit committee of the Company together with the external auditors and the management have reviewed the accounting principles and practices adopted by the Group and discussed the internal control and financial reporting matters including the review of the unaudited interim results of the Group for the six months ended 30 June 2009.

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

Shanghai, the PRC, 4 September 2009

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.