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 2010

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2010	2009	
	(unaudited)	(unaudited)	
	RMB in million	*RMB in million*	**Growth (%)**
Revenue	**2,538.4**	1,526.8	+66.3
Gross profit	**815.3**	385.1	+111.7
Gross profit margin	**32.1%**	25.2%	+6.9pp
EBITDA *(Note)*	**954.3**	462.2	+106.5
Profit attributable to owners of the Company	**476.6**	200.8	+137.4
Earnings per share – Basic (RMB fen)	**34.38**	14.49	+137.3
Earnings per share – Diluted (RMB fen)	**34.38**	14.40	+138.8

Note: It is defined as profit for the period before finance costs, income tax expense, depreciation, amortization and loss on fair value adjustment on the convertible bonds

INTERIM RESULTS

The board of directors (the "Board") of Xingda International Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2010 together with the comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 June 2010

	NOTES	**Six months ended 30 June** **2010** **(unaudited)** ***RMB'000***	2009 (unaudited) *RMB'000*
Revenue	3	**2,538,370**	1,526,756
Cost of sales		**(1,723,068)**	(1,141,619)
Gross profit		**815,302**	385,137
Other income		**42,691**	44,351
Gain on disposal of available-for-sale investments		**186,340**	1,941
Government grants		**7,535**	24,867
Selling and distribution expenses		**(101,782)**	(54,097)
Administrative expenses		**(112,802)**	(53,483)
Other expenses	4	**(38,458)**	(5,596)
Finance costs		**(26,675)**	(31,688)
Loss on fair value adjustment on the convertible bonds		**—**	(1,033)
Profit before taxation		**772,151**	310,399
Income tax expense	5	**(136,776)**	(41,080)
Profit for the period	6	**635,375**	269,319
Other comprehensive (loss) income			
Fair value (loss) gain on available-for-sale investments		**(22,895)**	115,626
Reclassification adjustment upon disposal of available-for-sale investments		**(186,340)**	(1,941)
Deferred tax liability on recognition of fair value gain on available-for-sale investments released upon disposal		**31,385**	—
Other comprehensive (loss) income for the period (net of tax)		**(177,850)**	113,685
Total comprehensive income for the period		**457,525**	383,004
Profit for the period attributable to:			
Owners of the Company		**476,581**	200,795
Non-controlling interests		**158,794**	68,524
		635,375	269,319

	NOTE	**Six months ended 30 June** **2010** **(unaudited)** ***RMB'000***	2009 (unaudited) *RMB'000*
Total comprehensive income attributable to:			
Owners of the Company		**352,904**	314,480
Non-controlling interests		**104,621**	68,524
		457,525	383,004
Earnings per share	8		
Basic (RMB fen)		**34.38**	14.49
Diluted (RMB fen)		**34.38**	14.40

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010

	NOTES	**As at 30 June 2010 (unaudited)** *RMB'000*	As at 31 December 2009 (audited) *RMB'000*
ASSETS AND LIABILITIES			
NON-CURRENT ASSETS			
Property, plant and equipment		**3,513,355**	3,187,656
Prepaid lease payments		**250,549**	232,034
Investment properties		**122,000**	119,300
Available-for-sale investments		**—**	307,320
Deposits paid for purchase of property, plant and equipment		**12,941**	125,242
Deferred tax assets		**14,263**	—
		3,913,108	3,971,552
CURRENT ASSETS			
Prepaid lease payments		**5,632**	4,921
Inventories		**679,329**	430,904
Trade and other receivables	9	**2,339,817**	2,315,835
Bank balances and cash		**386,821**	646,544
		3,411,599	3,398,204
CURRENT LIABILITIES			
Trade and other payables	10	**748,979**	877,550
Amounts due to directors		**48**	48
Amount due to a related company		**389**	1,284
Tax payable		**64,149**	75,546
Bank borrowings		**1,131,000**	1,335,000
		1,944,565	2,289,428
NET CURRENT ASSETS		**1,467,034**	1,108,776
TOTAL ASSETS LESS CURRENT LIABILITIES		**5,380,142**	5,080,328
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**675**	15,515
Borrowings due after one year		**500,000**	500,000
Government grants		**14,040**	10,500
		514,715	526,015
NET ASSETS		**4,865,427**	4,554,313

	As at 30 June 2010 (unaudited)	As at 31 December 2009 (audited)
	RMB'000	*RMB'000*
CAPITAL AND RESERVES		
Share capital	**139,091**	139,091
Reserves	**3,534,833**	3,319,935
Equity attributable to owners of the Company	**3,673,924**	3,459,026
Non-controlling interests	**1,191,503**	1,095,287
TOTAL EQUITY	**4,865,427**	4,554,313

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 (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 properties and 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 2009 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.

IFRS 3 (Revised) Business Combination and IAS 27 (Revised) Consolidated and Separate Financial Statements

The Group applies IFRS 3 (Revised) *Business Combinations* prospectively to business combinations for which the acquisition date is on or after 1 January 2010. The requirements in IAS 27 (Revised) *Consolidated and Separate Financial Statements* in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1 January 2010.

As there was no transaction during the current interim period in which IFRS 3 (Revised) and IAS 27 (Revised) are applicable, the application of IFRS 3 (Revised), IAS 27 (Revised) and the consequential amendments to other IFRSs had no effect on the unaudited condensed consolidated interim financial information of the Group for the current or prior accounting periods.

Results of the Group in future periods may be affected by future transactions for which IFRS 3 (Revised), IAS 27 (Revised) and the consequential amendments to the other IFRSs are applicable.

The application of the other new and revised IFRSs had no effect on the unaudited condensed consolidated interim financial information of the Group for the current or prior accounting periods.

Amendment to IAS 17 Leases

As part of Improvements to IFRSs issued in 2009, IAS 17 Leases has been amended in relation to the classification of leasehold land. Before the amendment to IAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid lease payments in the condensed consolidated statement of financial position. The amendment to IAS 17 has removed such a requirement. The amendment requires that the classification of leasehold land should be based on the general principles set out in IAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leasehold asset have been transferred to the lessee.

In accordance with the transitional provisions set out in the amendment to IAS 17 Leases, the Group reassessed the classification of unexpired leasehold land as at 1 January 2010 based on information which existed at the inception of these leases. This change in policy has had no material effect on the unaudited condensed consolidated interim financial information of the Group.

The Group has not early applied the new and revised standards, amendments or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of 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 Directors, being the chief operating decision maker of the Group, 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 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.

4. OTHER EXPENSES

	Six months ended 30 June	
	2010	2009
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
Allowance for trade receivables	**15,402**	1,661
Research and development expenditure	**9,976**	3,099
Exchange loss, net	**2,706**	485
Loss on disposal of property, plant and equipment	**10,374**	351
	38,458	5,596

5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2010	2009
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
The charge comprises:		
Current tax		
Current period	**134,494**	47,372
Deferred taxation	**2,282**	(6,292)
	136,776	41,080

The tax charge in respect of the current and prior periods 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, one of the Company's subsidiaries, 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 in 2005, followed by a 50% tax relief for the next three years. Jiangsu Xingda therefore enjoyed a 50% tax relief for six months ended 30 June 2009.

On 11 September 2009, Jiangsu Xingda was accredited as a High-tech Enterprise, a preferential tax rate of 15% was granted by the relevant tax bureaus in Jiangsu province in the PRC. In accordance with the High-tech Enterprise Certificate, the status of High-tech Enterprise is effective for the years 2010 and 2011 and the management is of the opinion that this status will be renewed before the end of year 2011 and will continue to be obtained. As a result, the tax rate of 15% is used to calculate the amount of current and deferred taxation.

At 30 June 2010, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised was RMB1,292 million (31 December 2009: RMB830 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.

6. PROFIT FOR THE PERIOD

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

	Six months ended 30 June	
	2010	2009
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
Depreciation of property, plant and equipment	**152,573**	117,126
Amortisation of prepaid lease payments	**2,906**	1,929
Gain on fair value change of investment properties	**(2,700)**	—

7. DIVIDENDS

	Six months ended 30 June	
	2010	2009
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
Final dividend paid for 2009 - HK 10 cents per share (2009: final dividend paid for 2008 - HK 8 cents per share)	**122,122**	97,130

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

	Six months ended 30 June	
	2010	2009
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
Non-controlling interests	**8,200**	8,200

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

8. 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	
	2010	2009
	(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)	**476,581**	200,795
Effect of dilutive potential ordinary shares		
Fair value adjustment on convertible bonds	**—**	1,033
Exchange realignment on convertible bonds	**—**	(17)
Earnings for the purpose of the diluted earnings per share	**476,581**	201,811
	'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
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,386,177**	1,401,456

There was no potential ordinary shares during the six months ended 30 June 2010.

9. 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 at end of the reporting period:

	As at 30 June 2010 (unaudited) ***RMB'000***	As at 31 December 2009 (audited) *RMB'000*
Trade receivables		
0 - 90 days	**1,190,637**	860,275
91 - 180 days	**148,099**	92,729
181 - 360 days	**86,773**	41,983
Over 360 days	**18,634**	82,336
	1,444,143	1,077,323
Note receivables		
0 - 90 days	**264,817**	397,739
91 - 180 days	**391,887**	560,676
181 - 360 days	**105,428**	19,650
	762,132	978,065
Advance to suppliers	**101,034**	231,424
Other receivables and prepayments	**32,628**	29,143
Less: Allowance for doubtful debts	**(120)**	(120)
	133,542	260,447
	2,339,817	2,315,835

The Group reviewed the recoverability of long aged receivables on a case by case basis and an allowance for doubtful debts of approximately RMB15,402,000 (six months ended 30 June 2009: RMB1,661,000) has been recognised for long outstanding receivables for the period.

10. 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 at end of the reporting period:

	As at 30 June 2010 (unaudited) *RMB'000*	As at 31 December 2009 (audited) *RMB'000*
Trade payables		
0 - 90 days	**252,108**	315,416
91 - 180 days	**16,213**	61,634
181 - 360 days	**3,177**	2,558
Over 360 days	**3,531**	4,880
	275,029	384,488
Note payables		
0 - 90 days	**52,500**	35,000
91 - 180 days	**68,000**	—
	120,500	35,000
Value-added tax payables and other tax payables	**35,823**	32,145
Accrued staff costs	**110,516**	137,162
Payables for purchase of property, plant and equipment	**160,967**	235,318
Accrued electricity charges	**39,488**	39,746
Others	**6,656**	13,691
	353,450	458,062
	748,979	877,550

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 2010.

The PRC Government's continued economic stimulus policy has helped spur the recovery of the Chinese economy. Taking advantage of the revival of the road transportation and automobile sectors starting in the second half of 2009 and the significantly improved business environment, Xingda continued to deliver encouraging results during the period under review. The Group's revenue increased by 66.3% to RMB2,538.4 million (first half of 2009: RMB1,526.8 million) while the gross profit and margin increased to RMB815.3 million (first half of 2009: RMB385.1 million) and 32.1% (first half of 2009: 25.2%) respectively. In January, the Group disposed of 19,500,000 A shares of Aeolus Tyre Co., Ltd and realized a gain of approximately RMB186.3 million, which contributed to the increase in profit attributable to owners of the Company by 137.4% to RMB476.6 million (first half of 2009: RMB200.8 million). The Board does not recommend payment of an interim dividend for the six months ended 30 June 2010.

During the period, the economic stimulus measures continued to impact favorably on the PRC economy. The ongoing infrastructure projects in the country have seen the revival of domestic freight volume in turn boosting the demand for truck tire replacement. Meanwhile, the automobile subsidy program in the country as well as the recovering overseas markets gave added impetus to the automobile sector, providing added support to the continuous development of the radial tire industry.

According to the China Association of Automobile Manufacturers, sales of truck and passenger cars increased by 89% and 107% to approximately 2.08 million units and 6.72 million units respectively, stimulating the demand for truck and passenger car tires during the period under review. The continuous demand growth gave a strong boost to the radial tire manufacturing industry in the PRC. According to the market statistics, radial tire output in the PRC rose by 13% year-on-year to approximately 178 million units in the first half of 2010. As the largest radial tire cord manufacturer in the PRC, Xingda stands to benefit from this vibrant market environment.

BUSINESS REVIEW

During the first half of 2010, the Group's total sales volume increased by 71.5% year-on-year to 205,000 tonnes. The sales volume of the Group's core product, radial tire cord, rose to 173,400 tonnes, 70.5% more than the same period of 2009 while the sales volume of bead wires increased by 77.5% to 31,600 tonnes. The two products accounted for 84.6% and 15.4% of the Group's total sales volume respectively (first half of 2009: 85.1% and 14.9%).

As a result of the strong growth in tire replacement demand and hence the demand for radial tire cord, radial tire cord for trucks continued to be the Group's major source of revenue. Sales volume increased by 59.6% to 134,700 tonnes. Meanwhile, radial tire cord for passenger cars increased by 123.7% to 38,700 tonnes, mainly because of the country's automobile subsidy program and growth of the PRC into the top automobile producing country in the world together with increased export orders. Due to the fast growing number of passenger cars in the PRC, Xingda has also benefited from the expanding replacement market for passenger cars tires which fueled the demand on radial tire cords of passenger cars tires. Radial tire cords for trucks and passenger cars accounted for 77.7% and 22.3% of the Group's total sales volume of radial tire cords respectively (first half of 2009: 83.0% and 17.0% respectively).

The Group's domestic business continued to dominate and accounted for 91% of total sales. At the same time, the competitive price and high quality of Xingda's products enabled the Group to achieve overseas market acceptance. Orders from overseas markets have been increasing accounting for 9% of the Group's total sales, a satisfactory growth from 5% in the same period in 2009.

Despite the rebound in the cost of the domestic steel wire rods during the period, the Group managed to adjust the average selling price of its products to ease pressure from the rising cost. During the period, steel wire rods accounted for 55.8% of total cost of sales (first half of 2009: 52.4%).

The Group started the construction of the No. 9 factory during 2009 and is expected to be completed by 2012. The first phase of the No. 9 factory has been completed and has commenced operation in the first half of 2010. As a result, the production capacity for radial tire cords rose 27.0% to 400,000 tonnes while that of bead wires was up 10.6% to 73,000 tonnes. With the increasing demand for the Group's products and thus its production volume during the period, the overall utilisation rate increased largely from 61.4% in the first half of 2009 to 86.2% in the first half of 2010.

The Group has traditionally placed a strong emphasis on research and development and it has developed 11 new types of radial tire cords, 2 types of bead wires and 3 types of sawing wires during the period. As at 30 June 2010, the Group offers a portfolio of 140 types of radial tire cords, 47 types of bead wires and 3 types of sawing wires (first half of 2009: 120 types of radial tire cords and 46 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	**2010**	**Proportion (%)**	2009	Proportion (%)	Change (%)
Radial Tire Cords	**2,355**	**93**	1,420	93	+65.8
- *For Truck*	***1,903***	***75***	*1,212*	*79*	*+57.0*
- *For Passenger Car*	***452***	***18***	*208*	*14*	*+117.3*
Bead Wires	**183**	**7**	107	7	+71.0
Total	**2,538**	**100**	1,527	100	+66.3

As a result of the strong sales of its products, the total revenue was up 66.3% or RMB1,011.6 million to RMB2,538.4 million from RMB1,526.8 million in the first half of 2009. Sales of radial tire cords for trucks continued to be the main source of revenue of the Group. Revenue of radial tire cords for passenger car recorded a significant growth of 117.3% driven by the increase in its export orders.

Gross profit and gross profit margin

With its strong pricing power, the Group succeeded in increasing the average selling product price of its products thereby coping with the increase in the cost of steel wire rods, the major raw material of the Group's products. Moreover, the substantial improvement in the utilisation rate in the review period allowed the Group to benefit from economies of scale. The gross profit margin of the Group therefore increased by 6.9 percentage points to 32.1%. The increase in its sales volume and margin boosted the Group's gross profit by 111.7% or RMB430.2 million to RMB815.3 million in the first half of 2010.

Other income and government grants

Other income of the Group decreased by RMB1.7 million, or 3.8%, from RMB44.4 million for the first half of 2009 to RMB42.7 million for the period under review. The decrease was mainly due to the decrease in discounts received from suppliers fully offset an increase in sale of scraps. Due to the decreased subsidy from the local government, the Government grants for the period dropped by 69.9% from RMB24.9 million for the first half of 2009 to RMB7.5 million for the first half of 2010.

Gain on disposal of available-for-sale investments

Gain on disposal of available-for-sale investments of the Group increased by RMB184.4 million, or 9,705.3%, from RMB1.9 million for the first half of 2009 to RMB186.3 million for the period under review. It was due to the gain realized on selling the shares of Aeolus Tyre Co., Ltd in January 2010.

Operating expenses

Selling and distribution expenses of the Group increased from RMB54.1 million for the first half of 2009 to RMB101.8 million for the first half of 2010, representing an increase of 88.2%. It was mainly caused by the corresponding increase in rewards payable to the sales team and transportation costs as it is linked with the sales revenue. Administrative expenses for the six months ended 30 June 2010 increased by RMB59.3 million when compared to the same period of 2009, which was mainly due to the increase in administrative staff costs. Other expenses increased by RMB32.9 million or 587.5% from RMB5.6 million for the first half of 2009 to RMB38.5 million for the first half of 2010. The increment was mainly attributable to an increase in allowance for trade receivables and an increase in loss on disposal of property, plant and equipment.

Finance costs

Finance costs decreased by RMB5 million or 15.8% to RMB26.7 million from RMB31.7 million in the same period of 2009. The decrease was primarily due to capitalisation of interest expenses on loans repayable within 5 years of RMB12.3 million.

Income tax

The Group had an income tax charge of RMB136.8 million with an effective tax rate of approximately 17.7% during the period. The effective tax rate for the period increased by approximately 4.5 percentage points from approximately 13.2% in the first half of 2009. By excluding the deferred tax movements in the first half of 2010 and the corresponding period of last year, the effective tax rate increased by approximately 2.2 percentage points and it was primarily due to an increase in income tax rate of a major subsidiary of the Group, Jiangsu Xingda Steel Tyre Cord Co., Ltd upon an expiration of the tax holiday on 1 January 2010.

Net profit

Taking the above factors into account, the Group's net profit for the six months ended 30 June 2010 amounted to RMB635.4 million, representing an increase of RMB366.1 million, or 135.9%, when compared with the corresponding period of last year. If the loss on fair value adjustment on the convertible bonds was excluded, the adjusted net profit of the Group for the six months ended 30 June 2010 would be RMB635.4 million, representing an increase of RMB365.0 million, or 135.0%, when compared with the same period last year.

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

	Six months ended 30 June	
	2010	2009
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
Profit for the period	**635,375**	269,319
Loss on fair value adjustment on the convertible bonds (Note)	**—**	1,033
Underlying profit for the period	**635,375**	270,352

Underlying profit for the period attributable to:		
Owners of the Company	**476,581**	201,828
Non-controlling interests	**158,794**	68,524
	635,375	270,352

Note: 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 recognised international business valuer. The loss on fair value adjustment of the convertible bonds was adjusted in the profit for the previous period as it 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 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 RMB259.7 million from RMB646.5 million as at 31 December 2009 to RMB386.8 million as at 30 June 2010. The decrease was due to the net cash outflows of RMB174.0 million from investing activities, and financing activities of RMB389.3 million exceeds the cash generated from operating activities of RMB303.6 million.

The bank borrowings were in Renminbi and decreased by RMB204 million or 11.1% to RMB1,631.0 million as at 30 June 2010 from RMB1,835.0 million as at 31 December 2009. The bank borrowings carry interest at market rates from 4.37% to 4.86% (first half of 2009: 4.37% to 5.31%) and are repayable within five years from 30 June 2010.

The Group's current assets increased by 0.4% to RMB3,411.6 million as at 30 June 2010 from RMB3,398.2 million as at 31 December 2009 and its current liabilities decreased by 15.1% from RMB2,289.4 million as at 31 December 2009 to RMB1,944.6 million as at 30 June 2010. The Group's current ratio (being defined as current assets over current liabilities) was increased from 1.48 times as at 31 December 2009 to 1.75 times as at 30 June 2010. The increase was mainly caused by the decrease in bank borrowings repayable within one year. The gearing ratio which is measured by total debts (bank borrowings) to total assets decreased from 24.9% as at 31 December 2009 to 22.3% as at 30 June 2010 due to a decrease in debts.

FOREIGN EXCHANGE RISK

The Group's sales and purchases were principally denominated in Renminbi and US dollars. The sales proceeds in US dollars had been fully used. As a result, the slight appreciation of the Renminbi in the first half of 2010 did not have a materially unfavorable effect on the operations 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 2010, the Group had made capital commitment of approximately RMB11.5 million (31 December 2009: RMB198.0 million) for acquisition of property, plant and equipment contracted for but not provided in the financial statements. The Group did not make any capital commitment for acquisition of property, plant and equipment authorised but not contracted for as at 30 June 2010.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 30 June 2010.

SIGNIFICANT INVESTMENTS

For the six months ended 30 June 2010, 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 2010.

HUMAN RESOURCES

As at 30 June 2010, the Group had approximately 8,600 (31 December 2009: approximately 7,200) 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 2010 was approximately RMB188.9 million (first half of 2009: approximately RMB94.3 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. The Group also continues to provide training programs for staff to enhance their technical and product knowledge as well as knowledge of industry quality standards.

In addition to salaries and bonuses, the Group also provides various benefits to employees through the Labour Union of Jiangsu Xingda Steel Tyre Cord Co., Ltd. ("Xingda Labour Union"). Each year, Jiangsu Xingda contributes 2% of the total salary of staff ("Union Fee") to support operation of the Xingda Labour Union. The Union Fee, together with other funds obtained by the Xingda Labour Union are used to provide a variety of welfare benefits and services to employees of the Group, including provision of staff quarters which employees may choose to purchase. For the six months ended 30 June 2010, the amount of Union Fees contributed by Jiangsu Xingda to the Xingda Labour Union amounted to RMB3.1 million (first half of 2009: RMB1.5 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 the China are covered by the contributory pension scheme managed by the state entitling them to a monthly pension after they retire. The PRC government is responsible for crediting the pension to the retired and the Group is required to make annual contributions to the retirement scheme run by the Xinghua Municipality at a specified rate. The contribution is booked in due course as an operating expense of the Group. Under the scheme, no forfeited contributions are available to reduce the existing level of contributions. Apart from the pension funds, the Group has provided medical, personal accidental and unemployment insurance policies for its employees of different levels.

In 2009, the Board of Directors resolved to adopt a share award scheme to encourage and retain elite employees to work with the Group and to provide incentives for them to achieve performance goals with a view to attaining the objectives of increasing the value of the Group and aligning the interests of the participants of the scheme directly to the shareholders of the Company through ownership of shares. Pursuant to the scheme, shares will be purchased by the trustee in the market out of cash contributed by the Company and be held in trust for the participants until such shares are vested to them in accordance with the provisions of the scheme. For the six months ended 30 June 2010, 5 million of the Company's shares were purchased by the trustee in the market. The consideration and other directly attributable incremental costs of the shares purchased under the share award scheme in an aggregate amount of approximately RMB16.1 million were recognised as shares held for the scheme and deducted from the total equity of the Company at 30 June 2010.

PROSPECTS

As a major effort of the PRC Government to maintain a steady growth of its GDP, its economic stimulus measures continued to exert a positive influence on the PRC economy. The strong growth momentum in the demand for the Group's products was therefore maintained in the first half of 2010. It is believed that the thriving economy will continue which is conducive to the healthy development of the entire tire industry. As the leader in the radial tire cords industry, Xingda will benefit from the flourishing environment.

To maintain its leading position in the industry, the Group is committed to research and development as well as offering a variety of products of superb quality. The Group has successfully developed a new product called sawing wire which is an ultra tensile grade steel wire of very tiny diameter for cutting hard and brittle materials. It has been widely used in the solar cells industry for cutting polycrystalline silicon ingots to wafers. Since it is a horizontal expansion, more than half of the existing production facilities can be shared in the manufacturing process of this new product. Pilot production has been completed and mass production is expected to commence in the year 2011. Apart from the strong demand in radial tire cords, the new product is expected to be another growth driver to the Group in the future.

Furthermore, the Group will continue to closely monitor the market situation and formulate a rational flexible capital expenditure plan, in order to adjust the expansion of capacity according to the market demand. It will also strive to maintain a high utilisation rate so as to attain economies of scale and in turn boost the Group's margins.

While solidifying its status of a first tier radial tire cord manufacturer in the PRC, the Group will benefit directly from the organic growth of the major customers. The Group will also step up efforts in extending its presence overseas. With acceptance gained from an increasing number of overseas clients in recent years, the Group believes its share of revenue contribution from overseas markets will continue to grow along with overseas market penetration. Looking ahead, adhering to its strategic development plan, Xingda is confident in sustaining its leadership in the PRC and at the same time the Group will grasp the opportunities arising to expand its presence worldwide.

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 2010.

CHANGE IN THE BOARD

Mr. Wu Xinghua retired by rotation as an executive director of the Company at the annual general meeting held on 20 May 2010. The Board extends its gratitude to Mr. Wu Xinghua for his valuable efforts and contributions to the Company during his term of appointment and offers its best wishes to him.

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 2010, 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 executive Directors, the Executive Committee of the Company (comprising three executive Directors and one non-executive Director) 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 2010.

The Company has also adopted procedures on terms no less exacting than the Model Code in respect of the securities transactions of the employees who are likely to be in possession of unpublished price-sensitive information.

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 2010.

REVIEW OF INTERIM FINANCIAL STATEMENTS

The audit committee of the Company together with the external auditor 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 2010.

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

Shanghai, the PRC, 17 August 2010

As at the date of this announcement, the executive Directors are Mr. LIU Jinlan, Mr. LIU Xiang, Mr. TAO Jinxiang, 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.