XINGDA

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XINGDA INTERNATIONAL HOLDINGS LIMITED

興 達 國 際 控 股 有 限 公 司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 01899)

FINAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2010

FINANCIAL HIGHLIGHTS

	2010	2009	
	RMB in million	*RMB in million*	**Growth (%)**
Revenue	**5,430**	3,864	+40.5
Gross profit	**1,636**	1,182	+38.4
Gross profit margin	**30.1%**	30.6%	-0.5pp
EBITDA *(Note)*	**1,664**	1,177	+41.4
Profit attributable to owners of the Company	**792**	548	+44.5
Earnings per share – Basic (RMB fen)	**55.49**	39.50	+40.5
Earnings per share – Diluted (RMB fen)	**55.49**	39.36	+41.0
Proposed dividend per share (HK cents)	**15.0**	10.0	+50.0

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

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 2010 together with the comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2010

	NOTES	**2010**	2009
		RMB'000	*RMB'000*
Revenue	5	**5,430,156**	3,864,409
Cost of sales		**(3,794,566)**	(2,682,026)
Gross profit		**1,635,590**	1,182,383
Other income	6	**74,235**	95,771
Government grants		**32,451**	53,102
Selling and distribution expenses		**(271,670)**	(178,575)
Administrative expenses		**(273,908)**	(179,581)
Other expenses and losses	7	**(43,671)**	(52,102)
Finance costs	8	**(58,762)**	(54,176)
Gain on disposal of available-for-sale investments		**186,340**	1,942
Loss on fair value adjustment on the convertible bonds		—	(1,033)
Profit before tax		**1,280,605**	867,731
Income tax expense	9	**(225,152)**	(142,588)
Profit for the year	10	**1,055,453**	725,143
Other comprehensive income			
Fair value (loss) gain on available-for-sale investments		**(22,895)**	211,177
Reclassification adjustment upon disposal of available-for-sale investments		**(186,340)**	(1,942)
Deferred tax liability on recognition of fair value gain on available-for-sale investments released upon disposal		**31,385**	—
Deferred tax liability on recognition of fair value gain on available-for-sale investments		—	(31,385)
Total other comprehensive (expense) income for the year (net of tax)		**(177,850)**	177,850
Total comprehensive income for the year		**877,603**	902,993
Profit for the year attributable to:			
Owners of the Company		**791,959**	547,504
Non-controlling interests		**263,494**	177,639
		1,055,453	725,143

	NOTE	**2010**	2009
		RMB'000	*RMB'000*
Total comprehensive income attributable to:			
Owners of the Company		**668,282**	671,181
Non-controlling interests		**209,321**	231,812
		877,603	902,993
Earnings per share	12		
Basic (RMB fen)		**55.49**	39.50
Diluted (RMB fen)		**55.49**	39.36

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010

	NOTES	**2010**	2009
		RMB'000	*RMB'000*
ASSETS AND LIABILITIES			
NON-CURRENT ASSETS			
Property, plant and equipment		**3,709,682**	3,187,656
Prepaid lease payments		**247,643**	232,034
Investment properties		**122,000**	119,300
Available-for-sale investments		**—**	307,320
Deferred tax assets		**14,101**	—
Deposits paid for purchase of property, plant and equipment		**22,546**	125,242
		4,115,972	3,971,552
CURRENT ASSETS			
Prepaid lease payments		**5,632**	4,921
Inventories		**449,805**	430,904
Trade and other receivables	13	**2,785,357**	2,315,835
Pledged bank deposits		**16,387**	—
Fixed bank deposits		**29,500**	—
Bank balances and cash		**1,117,355**	646,544
		4,404,036	3,398,204
CURRENT LIABILITIES			
Trade and other payables	14	**1,001,932**	877,550
Amount due to a director		**48**	48
Amount due to a related company		**2,328**	1,284
Tax payable		**70,338**	75,546
Bank borrowings - due within one year		**1,092,259**	1,335,000
Convertible bonds		—	—
		2,166,905	2,289,428
NET CURRENT ASSETS		**2,237,131**	1,108,776
TOTAL ASSETS LESS CURRENT LIABILITIES		**6,353,103**	5,080,328
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**—**	15,515
Bank borrowings - due after one year		**400,000**	500,000
Government grants		**23,040**	10,500
		423,040	526,015
NET ASSETS		**5,930,063**	4,554,313

	NOTE	**2010**	2009
		RMB'000	*RMB'000*
CAPITAL AND RESERVES			
Share capital	15	**150,999**	139,091
Reserves		**4,482,656**	3,319,935
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**4,633,655**	3,459,026
NON-CONTROLLING INTERESTS		**1,296,408**	1,095,287
TOTAL EQUITY		**5,930,063**	4,554,313

NOTES

1. GENERAL

The Company is a limited company incorporated in the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The 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 its subsidiaries (the "Group").

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

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

New and revised Standards and Interpretations applied in the current year

In the current year, the Group has applied the following new and revised Standards, Amendments and Interpretations ("new and revised IFRSs") issued by the International Accounting Standards Board ("IASB")

IFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions
IFRS 3 (as revised in 2008)	Business Combinations
IAS 27 (as revised in 2008)	Consolidated and Separate Financial Statements
IAS 39 (Amendments)	Eligible Hedged Items
IFRSs (Amendments)	Improvements to IFRSs issued in 2009
IFRSs (Amendments)	Amendments to IFRS 5 as part of Improvements to IFRSs issued in 2008
IFRIC - Int 17	Distributions of Non-cash Assets to Owners

Except as described below, the adoption of the new and revised IFRSs in the current year had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

Amendments 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 amendments 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 consolidated statement of financial position. The amendments to IAS 17 have removed such a requirement. The amendments require 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 leased asset have been transferred to the lessee.

In accordance with the transitional provisions set out in the amendments to IAS 17, the Group reassessed the classification of unexpired leasehold land as at 1 January 2010 based on information that existed at the inception of the leases and concluded that all leasehold land classified as operating lease did not quality for finance lease classification therefore no adjustment is required.

The Group has not early applied the following new and revised Standards, Amendments and Interpretations that have been issued but are not yet effective:

IFRSs (Amendments)	Improvements to IFRSs issued in 2010[1]
IFRS 7 (Amendments)	Disclosures - Transfers of Financial Assets[3]
IFRS 9	Financial Instruments[4]
IAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[5]
IAS 24 (as revised in 2009)	Related Party Disclosures[6]
IAS 32 (Amendments)	Classification of Rights Issues[7]
IFRIC - Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement[6]
IFRIC - Int 19	Extinguishing Financial Liabilities with Equity Instruments[2]

1 Effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate.

2 Effective for annual periods beginning on or after 1 July 2010.

3 Effective for annual periods beginning on or after 1 July 2011.

4 Effective for annual periods beginning on or after 1 January 2013.

5 Effective for annual periods beginning on or after 1 January 2012.

6 Effective for annual periods beginning on or after 1 January 2011.

7 Effective for annual periods beginning on or after 1 February 2010.

IFRS 9 *Financial Instruments* (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. IFRS 9 *Financial Instruments* (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

- Under IFRS 9, all recognised financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

- In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under IFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

IFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors of the Company ("Directors") anticipate that IFRS 9 that will be adopted in the Group's consolidated financial statements for financial year ending 31 December 2013 and that the application of the new Standard may not have a significant impact on amounts reported in respect of the Groups' financial assets and financial liabilities.

The amendments to IAS 12 titled *Deferred Tax: Recovery of Underlying Assets* mainly deal with the measurement of deferred tax for investment properties that are measured using the fair value model in accordance with IAS 40 *Investment Property*. Based on the amendments, for the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties measured using the fair value model, the carrying amounts of the investment properties are presumed to be recovered through sale, unless the presumption is rebutted in certain circumstances. The directors anticipate that the application of the amendments to IAS 12 may not have a significant impact on deferred tax recognised for investment properties that are measured using the fair value model.

The Directors anticipate that the application of the other new and revised Standards, Amendments and Interpretations will have no material impact on the results and the financial position of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared on the historical cost basis, except for certain properties and financial instruments which are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

4. SEGMENT INFORMATION

The Directors, being the chief operating decision maker of the Group, regularly review revenue analysis by types of products which are basically radial tire cords 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. The Group's non-current assets (other than deferred tax assets) are located in the PRC.

Revenue from major products

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

	Year ended	
	2010	2009
	RMB'000	*RMB'000*
Radial Tire Cord		
- For Truck	**3,865,043**	3,067,282
- For Passenger Car	**1,141,567**	540,901
Bead Wire	**423,546**	256,226
	5,430,156	3,864,409

Geographical information

The Group's revenue from operations from external customers by geographical location of the goods delivered are detailed below:

	2010	2009
	RMB'000	*RMB'000*
The PRC (country of domicile)	**4,762,888**	3,630,611
North America	**307,003**	124,095
Asia (excluding the PRC)	**197,628**	89,351
Europe	**103,976**	10,521
South America	**55,140**	8,849
Africa	**3,521**	982
	5,430,156	3,864,409

Information about major customers

Revenues from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2010	2009
	RMB'000	*RMB'000*
Customer 1	**689,743**	452,499
Customer 2	**544,768**	458,954

5. REVENUE

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

6. OTHER INCOME

	2010	2009
	RMB'000	*RMB'000*
Interest income earned on bank balances and bank deposits	**3,031**	13,872
Sales of scrap materials	**53,335**	41,283
Cash discounts received on early settlement of trade payables	**4,594**	27,975
Gain on fair value change of investment properties	**2,700**	3,810
Sundry income	**10,575**	8,831
	74,235	95,771

7. OTHER EXPENSES AND LOSSES

	2010	2009
	RMB'000	*RMB'000*
Research and development expenditure	**26,601**	11,299
Impairment loss recognised on trade and other receivables	**17,070**	35,279
Loss on fair value change upon transfer of property, plant and equipment to investment properties	—	5,524
	43,671	52,102

8. FINANCE COSTS

	2010	2009
	RMB'000	*RMB'000*
Interest on:		
Bank loans wholly repayable within five years	**76,275**	64,600
Less: amounts capitalised	**(24,638)**	(10,597)
	51,637	54,003
Note receivables discounted	**7,125**	173
	58,762	54,176

9. INCOME TAX EXPENSE

	2010	2009
	RMB'000	*RMB'000*
The charge comprises:		
Current tax		
Current year	**223,921**	146,919
Overprovision in prior year	**(538)**	(1,066)
Deferred taxation	**1,769**	(3,265)
	225,152	142,588

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

On 11 September 2009, Jiangsu Xingda Steel Tyre Cord Co., Ltd. ("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 accordance with the High-tech Enterprise Certificate, the status of High-tech Enterprise is effective for the years 2009, 2010, and 2011 and the management is of the opinion that this status will be renewed before the end of year 2011 and this preferential tax rate will continue to be obtained. As a result, the tax rate of 15% is used to calculate the amount of deferred taxation.

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements 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 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 years ended 31 December 2005 and 2006 and enjoyed a 50% tax relief for the years ended 31 December 2007, 2008 and 2009.

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

	2010	2009
	RMB'000	*RMB'000*
Profit before tax	**1,280,605**	867,731
Tax at the PRC tax rate of 25% (2009: 25%)	**320,150**	216,933
Tax effect of fair value adjustment on the convertible bonds not deductible/taxable for tax purposes	**—**	258
Tax effect of expenses not deductible for tax purposes	**15,013**	14,089
Tax effect of income not taxable for tax purposes	**(5,144)**	(4,503)
Tax effect of tax relief/tax exemption	**(102,952)**	(88,062)
Tax effect of deductible temporary differences not recognised	**237**	89
Overprovision in prior year	**(538)**	(1,066)
Decrease in opening deferred tax assets resulting from a decrease in applicable tax rate	**—**	2,624
Others	**(1,614)**	2,226
Tax charge for the year	**225,152**	142,588

10. PROFIT FOR THE YEAR

	2010	2009
	RMB'000	*RMB'000*
Profit for the year has been arrived at after charging (crediting):		
Staff cost, including directors' remuneration		
Salaries, wages and other benefits	**367,877**	257,777
Retirement benefits scheme contributions	**10,873**	22,494
Share-based payments	**6,626**	—
Total staff costs	**385,376**	280,271
Amortisation of prepaid lease payments	**5,812**	4,765
Auditor's remuneration	**1,813**	1,767
Cost of inventories recognised as an expense	**3,794,566**	2,682,026
Depreciation for property, plant and equipment	**319,296**	249,643
Loss on disposal of property, plant and equipment	**11,833**	3,503
Gross rental income from investment properties	**(4,320)**	(1,556)
Less: direct operating expenses from investment properties that generated rental income during the year	**562**	1,283
	(3,758)	(273)
Net foreign exchange loss	**21,347**	1,958

11. DIVIDEND

	2010	2009
	RMB'000	*RMB'000*
Dividend recognised as distribution during the year:		
Final dividend paid for financial year ended 31 December 2009 – 10.0 HK cents per share (2009: final dividend paid for financial year ended 31 December 2008 – 8.0 HK cents per share)	**122,122**	97,754
Final dividend proposed, 15.0 HK cents (financial year ended 31 December 2009: 10.0 HK cents) per share	**194,180**	122,122

A final dividend for the year ended 31 December 2010 of 15.0 HK cents (2009: 10.0 HK cents) per share has been proposed by the Directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

The dividend proposed for the year ended 31 December 2010 and the dividend paid for financial year ended 31 December 2009 were paid out of share premium. Under the Companies Law (Revised) Chapter 22 of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions of its Memorandum of Association and Articles of Association and provided that immediately following the distribution of dividend the Company is able to pay its debts as they fall due in the ordinary course of business.

12. EARNINGS PER SHARE

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

	2010	2009
	RMB'000	*RMB'000*
Earnings		
Earnings for the purposes of basic earnings per share	**791,959**	547,504
Effect of dilutive potential ordinary shares:		
Fair value adjustment on the convertible bonds	—	1,033
Exchange realignment on the convertible bonds	—	(17)
Earnings for the purpose of diluted earnings per share	**791,959**	548,520

	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,427,187**	1,386,177
Effect of dilutive potential ordinary shares on convertible bonds	**—**	7,576
Number of ordinary shares in issue for the purpose of diluted earnings per share	**1,427,187**	1,393,753

The weighted average number of ordinary shares for the purpose of basic earnings per share has been adjusted for the new ordinary shares issued on 15 September 2010.

There was no potential ordinary shares during the year ended 31 December 2010.

13. 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 presented based on the invoice date at the end of the reporting period:

	2010 *RMB'000*	2009 *RMB'000*
Trade receivables		
0 - 90 days	**1,253,459**	860,275
91 - 180 days	**194,005**	92,729
181 - 360 days	**49,451**	41,983
Over 360 days	**15,284**	82,336
	1,512,199	1,077,323
Note receivables		
0 - 90 days	**433,382**	397,739
91 - 180 days	**377,121**	560,676
181 - 360 days	**210,297**	19,650
	1,020,800	978,065
Advance to raw material suppliers	**224,441**	231,424
Spools	**19,117**	11,388
Other receivables and prepayments	**8,920**	17,755
Less: Allowance for doubtful debts on other receivables	**(120)**	(120)
	252,358	260,447
	2,785,357	2,315,835

14. TRADE AND OTHER PAYABLES

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

	2010	2009
	RMB'000	*RMB'000*
Trade payables		
0 - 90 days	**227,218**	315,416
91 - 180 days	**84,898**	61,634
181 - 360 days	**2,783**	2,558
Over 360 days	**4,368**	4,880
	319,267	384,488
Note payables		
0 - 90 days	**119,500**	—
91 - 180 days	**150,500**	35,000
	270,000	35,000
Value-added tax payables and other tax payables	**22,761**	32,145
Accrued staff costs	**155,889**	110,328
Payables for purchase of property, plant and equipment	**153,880**	235,318
Advances from customers	—	165
Accrued pension	**26,834**	26,834
Accrued interest expense	**2,151**	2,642
Accrued electricity charges	**42,517**	39,746
Others	**8,633**	10,884
	412,665	458,062
	1,001,932	877,550

15. SHARE CAPITAL

	Number of shares	Amount	Equivalent to
		HKD	*RMB'000*
Authorised:			
Ordinary shares of HKD0.10 each at 1 January 2009, 31 December 2009 and 31 December 2010	3,000,000,000	300,000,000	301,410
Issued and fully paid:			
At 1 January 2009, 31 December 2009 and 1 January 2010	1,386,176,693	138,617,669	139,091
New ordinary shares issued	138,600,000	13,860,000	11,908
At 31 December 2010	1,524,776,693	152,477,669	150,999

Pursuant to a subscription agreement on 1 September 2010, five substantial shareholders of the Company subscribed for 138,600,000 new shares of HK$0.10 each in the Company at a price of HK$5.50 per share, representing a discount of approximately 7.56% to the closing market price of the Company's shares at that date. The total proceeds of RMB654,904,000 were used to enhance the production facilities of the Group and finance the development of new products of the Group and general working capital of the Company. These new shares were issued under the general mandate granted to the directors at the annual general meeting of the Company held on 20 May 2010 and rank pari passu with other shares in issue in all respects.

16. EVENT AFTER THE REPORTING PERIOD

Subsequent to year ended 31 December 2010, a fire broke out in one of the Group's factories in Jiangsu Province, the PRC on 11 February 2011. As a result, certain of the equipment, machineries and factory building for use in the Group's production were damaged. No casualty was reported in connection with the fire.

The net book value of the equipment and machineries damaged by the fire was approximately RMB301.4 million. The Group is in the process of claiming the full amount of this loss as compensation and the estimated loss in relation to the fire will be immaterial if the claim is accepted by the insurance company.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

The thriving economy contributed to the continued growth of the automobile industry in China. According to the statistics of the China Association of Automobile Manufacturers, the country produced approximately 18,264,700 vehicles in 2010, representing a year-on-year growth of 32.4%. China remained as the world's biggest automobile producer in terms of units. The persistent strong demand for automobiles in China continued to drive the growth of radial tire industry in the country.

According to the statistics of the China Association of Automobile Manufacturers, the vehicle population was approximately 78 million in China in 2010, representing a rise of 23.8% against previous year which has spurred a stronger market demand for tire replacement. The size and demand have presented huge potential to radial tire manufacturers and is expected to grow steadily in the future. Xingda is well-positioned to benefit from the anticipated derived growth of the radial tire cord market.

According to the China Rubber Industry Association, the country's total tire output during 2010 rose by 10.5% year-on-year to 420 million units, of which 350 million were radial tires, 20.7% more than the previous year. In October 2010, the tire industry policy (輪胎產業政策) issued by the Ministry of Industry and Information Technology of the PRC stated the radialization rate of passenger cars, heavy and light trucks tires in China should reach 100%, 90% and 85% respectively by 2015. In 2010, radialization rate of passenger car tires grew to almost 100%, while that of truck tires remained approximately 75%, giving it room for further improvement in the coming five years. The rising radialization rate and favorable national policies in China presents immense opportunities to radial tire cord manufacturers.

BUSINESS REVIEW

China's economic expansion and strong growth in export orders of the Group have provided a solid foundation for Xingda's continued development in 2010, contributing to an increase in total sales volume of 45.0% to 442,100 tonnes. Sales volume of radial tire cords increased by 42.6% to 372,300 tonnes, accounting for 84.2% of total sales volume (2009: 85.6%), whereas the sales volume of bead wires increased by 59.4% to 69,800 tonnes, accounting for 15.8% of total sales volume (2009: 14.4%) of the Group.

Radial tire cords for trucks, which generates higher profit, continued to be the Group's major source of revenue with sales volume up by 28.1% to 276,100 tonnes. Moreover, an increase in overseas orders helped to bring a notable rise in sales volume of radial tire cords for passenger cars – growing by 111.0% to 96,200 tonnes. Sales volume derived from radial tire cords for trucks and passenger cars contributed 74.2% and 25.8% respectively to the Group's total sales volume (2009: 82.5% and 17.5%).

Sales Volume	**2010** ***Tonnes***	2009 *Tonnes*	Change
Radial Tire Cords	**372,300**	261,100	+42.6%
- For Truck	***276,100***	*215,500*	*+28.1%*
- For Passenger Car	***96,200***	*45,600*	*+111.0%*
Bead Wires	**69,800**	43,800	+59.4%
Total	**442,100**	304,900	+45.0%

China continued to be the Group's key market, spurred by higher radialization rate that contributed to an increase in domestic sales volume of radial tire cords, rising by 32.5% to 323,800 tonnes, and accounting for 87.0% of the Group's total volume of radial tire cords sold (2009: 93.6%). With Xingda's products being accredited by major overseas customers during the year, this led to a significant increase in foreign orders, especially for radial tire cords for passenger cars with sales volume rising by 190.4% to 48,500 tonnes. Successful market expansion further aided overseas sales, which accounted for 13.0% of total sales volume of radial tire cords in 2010 (2009: 6.4%).

Having spent 18 months on research and development and 10 months on the installation of production lines, Xingda commenced mass production of sawing wire in December 2010, and recorded sales volume of 200 tonnes of this new product for the year ended 31 December 2010.

During the year, the Group expanded its production facilities, boosting annual capacity to 430,000 tonnes of radial tire cords (2009: 345,000 tonnes) and 81,000 tonnes of bead wires (2009: 66,000 tonnes). With phase 1 of the No. 9 factory operational in the first half of 2010, production capacity for radial tire cords rose 24.6% to 430,000 tonnes and bead wires increased by 22.7% to 81,000 tonnes. As a result of growing demand for the Group's products, overall utilization rate increased by 8 percentage points to 85% by the end of 2010.

	2010 Production Capacity (Tonnes)	**2010 Utilization Rate**	2009 Production Capacity (Tonnes)	2009 Utilization Rate
Radial Tire Cords	**430,000**	**85%**	345,000	77%
Bead Wires	**81,000**	**84%**	66,000	69%

During the year, Xingda developed 20 new types of radial tire cord, 3 new types of bead wire and 3 types of sawing wire. As at the end of 2010, the Group was offering a comprehensive range of products, including 149 types of radial tire cord, 50 types of bead wire and 3 types of sawing wire to customers (2009: 129 types of radial tire cord and 47 types of bead wire).

PROSPECTS

With the introduction of the "Twelfth Five-Year" Plan by the Chinese government, China's economy is expected to continue expanding at a stable pace. Moreover, infrastructure will be further enhanced, with more highways stretching into the countryside and freight and passenger traffic volume remaining on an uptrend. Such developments will spur the entire radial tire cord industry's growth and Xingda will be well-positioned to capitalize on the enormous potential of this market.

Closely monitoring market trends, Xingda had the foresight to successfully develop an important new product with high profitability, specifically, sawing wire. With mass production commencing in December 2010, it is expected that both production and sales volume of sawing wire will be increased significantly in 2011. Due to the similarities in production of its existing products and sawing wire, the Group will benefit from economies of scale, synergies and enhance cost efficiency. In the meantime, China's initiative to reduce carbon emissions by 40-45% by 2020, and the inclusion of renewable energy as one of the seven key emerging industries in the draft "Twelfth Five-Year" Plan for 2011 to 2015, together represent huge potential for the solar energy industry. Xingda will continue to strategically invest and expand in the new energy sector and seek to benefit from an industry that possesses significant prospects for growth.

With the Ministry of Industry and Information Technology of the PRC pushing forward its tire industry policy that aims at increasing the country's radialization rate, Xingda will strive to grasp opportunities that arise and strengthen its leading position in the industry. At the same time, leveraging its excellent reputation which it built abroad during the past few years, the Group will endeavor to enlarge its overseas client portfolio, in order to strengthen its foothold in the global market. Looking into the future, Xingda will adhere to its strategic plan to develop both domestic and global markets, and strive to deliver maximum returns to shareholders.

FINANCIAL REVIEW

Revenue

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

RMB in million	**2010**	**Proportion**	2009	Proportion	Change(%)
Radial Tire Cords	**5,007**	**92%**	3,608	93%	+38.8
- *For Truck*	***3,865***	***71%***	*3,067*	*79%*	*+26.0*
- *For Passenger Car*	***1,142***	***21%***	*541*	*14%*	*+111.1*
Bead Wires	**423**	**8%**	256	7%	+65.2
Total	**5,430**	**100%**	3,864	100%	+40.5

Having grasped opportunities brought about by the dual development of domestic and overseas markets, the Group's total revenue rose by 40.5% or RMB1,565.8 million to RMB5,430.2 million in 2010. The domestic and overseas markets contributed 87.7% and 12.3% respectively of the Group's total sales revenue (2009: 93.9% and 6.1%).

Gross profit and gross profit margin

Gross profit grew by 38.4% or RMB453.2 million to RMB1,635.6 million in 2010 (2009: RMB1,182.4 million) whereas gross profit margin dipped modestly to 30.1% (2009: 30.6%). The decrease was mainly due to an increase in revenue contributions from radial tire cord for passenger cars, which carries a relatively lower profit margin than that for trucks. During the year, the cost of steel wire rods showed a moderate uptrend and accounted for 55.2% of the Group's cost of sales (2009: 54.1%).

Other income

Other income decreased by RMB21.6 million or 22.5% from RMB95.8 million in 2009 to RMB74.2 million for the year under review. The decrease was attributable to the decrease in discounts received from suppliers fully offset the increase in sales of scraps.

Government grant

The Government grant for the year dropped by 38.8% from RMB53.1 million in 2009 to RMB32.5 million due to the decrease in one-off project-based subsidies and a grant of a recurring subsidy of RMB19.3 million by the local government related to 2010 operations that was actually received in January 2011.

Gain on disposal of available-for-sale investments

The gain on disposal of available-for-sale investments of the Group increased by RMB184.4 million or over 96 times, from RMB1.9 million for 2009 to RMB186.3 million for the year of 2010. The gain was attributable to the gain realized on selling the shares of Aeolus Tyre Co., Ltd in January 2010.

Selling and Distribution Expenses

Selling and distribution expenses increased by RMB93.1 million or 52.1% from RMB178.6 million in 2009 to RMB271.7 million. The increase was mainly caused by the corresponding increase in transportation costs and incentive rewards payable to the sales team related to the growth in sales volume.

Administrative Expenses and Other Expenses and Losses

Administrative expenses for 2010 increased by RMB94.3 million or 52.5% to RMB273.9 million when compared to 2009, which was mainly due to the increase in administrative staff costs and benefits, exchange loss and depreciation charges on non-production related fixed assets. Other expenses and losses declined by RMB8.4 million or 16.1% from RMB52.1 million in 2009 to RMB43.7 million in 2010. The decrement was attributable to a decrease in provision for trade receivables partially offset by an increase in research and development expenditure.

Finance costs

Finance costs increased slightly by RMB4.6 million or 8.5% to RMB58.8 million from RMB54.2 million in 2009. The increment was mainly caused by the increase in interest on discounted notes.

Income tax

The Group had an income tax charge of RMB225.2 million with the effective tax rate increased from 16.4% in 2009 to 17.6% in 2010. The effective tax rate increased by approximately 1.2 percentage points, which was mainly due to the increase in income tax rate of a major subsidiary of the Group, Jinagsu 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 year ended 31 December 2010 increased by RMB330.4 million or 45.6% from RMB725.1 million in 2009 to RMB1,055.5 million. If the gain on disposal of available-for-sale investments from non-operating activities (net of tax), loss on fair value adjustment on the convertible bonds and net exchange loss arising from non-operating activities were excluded, the adjusted net profit of the Group for the year ended 31 December 2010 would be RMB907.0 million, representing an increase of RMB181.0 million or 24.9%, when compared with the previous year.

Reconciliation of report profit and underlying profit

	2010	2009
	RMB'000	*RMB'000*
Profit for the year	**1,055,453**	725,143
Gain on disposal of available-for-sale investments from non-operating activities (net of tax)	**(158,389)**	(1,699)
Loss on fair value adjustment on the convertible bonds (note)	**—**	1,033
Net exchange loss arising from non-operating activities	**9,903**	1,490
Underlying profit for the year	**906,967**	725,967
Underlying profit for the year attributable to:		
Owners of the Company	**691,718**	548,846
Non-controlling interests	**215,249**	177,121
	906,967	725,967

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 recognized international business valuer. The loss on fair value adjustment of the convertible bonds was adjusted in the profit for the previous year as it did not arise from the ordinary course of operation of the Group.

LIQUIDITY, CAPITAL RESOURCES AND CAPITAL STRUCTURE

During the year, 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 fixed bank deposits of the Group increased by RMB500.4 million from RMB646.5 million as at 31 December 2009 to RMB1,146.9 million as at 31 December 2010. The increase was due to the cash generated from operating activities of RMB977.2 million and financing activities of RMB81.5 million exceeded the net cash outflows of RMB558.3 million from investing activities.

The bank borrowings were in Renminbi and decreased by RMB342.7 million or 18.7% to RMB1,492.3 million as at 31 December 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% (2009: 4.37% to 4.86%) and are repayable within two years from 31 December 2010.

The Group's current assets increased by 29.6% to RMB4,404.0 million as at 31 December 2010 from RMB3,398.2 million as at 31 December 2009 and its current liabilities decreased by 5.4% from RMB2,289.4 million as at 31 December 2009 to RMB2,166.9 million as at 31 December 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 2.03 times as at 31 December 2010. The increase was mainly caused by the increase in bank balances and the decrease in bank borrowings repayable within one year. The gearing ratio which is measured by total debts (bank borrowings) to total assets dropped from 24.9% as at 31 December 2009 to 17.5% as at 31 December 2010 due to an increase in bank balance and decrease in debts.

FOREIGN EXCHANGE RISK

The Group's sales and purchases were principally denominated in Renminbi and US dollars. Since the sales proceeds in US dollars has been fully used, the slight appreciation of the Renminbi did not have a materially unfavourable effect on the operations of the Group in 2010.

As apart from certain bank and debtors' 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 year under review, exchange rate fluctuation had not caused material 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 year 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 EXPENDITURE

For the year ended 31 December 2010, capital expenditure of the Group for property, plant and equipment amounted to RMB865.0 million (2009: RMB874.1 million).

CAPITAL COMMITMENTS

As at 31 December 2010, the Group had made capital commitment of approximately RMB53.4 million (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 authorized but not contracted for in both years.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 December 2010 and 31 December 2009.

PLEDGE OF ASSETS

As at 31 December 2010, the Group pledged bank deposits of RMB16.4 million to secure its bank borrowings (2009: nil).

SIGNIFICANT INVESTMENTS

The Group had no new significant external investments for the year ended 31 December 2010 and 31 December 2009.

SIGNIFICANT ACQUISITIONS AND DISPOSALS

The Group had no significant acquisitions and disposals for the year ended 31 December 2010 and 31 December 2009.

HUMAN RESOURCES

As at 31 December 2010, the Group had approximately 7,800 (31 December 2009: approximately 7,200) full time employees and all of them were based in China. Total staff costs including directors' remuneration for the year ended 31 December 2010 was approximately RMB385.4 million (2009: approximately RMB280.3 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 ("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 year ended 31 December 2010, the amount of Union Fees contributed by Jiangsu Xingda to the Xingda Labour Union amounted to RMB6.8 million (2009: RMB4.3 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 adopted a share award scheme to encourage and retain elite employees to stay with the Group and to provide incentives to achieve performance goals with a view to attaining the objectives of increasing the value of the Group and aligning the interests of selected employees directly to the shareholders of the Company through ownership of shares. Pursuant to the scheme, shares of the Company will be purchased by the trustee in the market out of cash contributed by the Company and be held in trust for the relevant selected employees until such shares are vested in the relevant selected employees in accordance with the provisions of the scheme. In 2010, 5,000,000 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 recognized in the reserve of the Company. As at 31 December 2010, one-third of the 5,000,000 shares held under share award scheme have been awarded to selected employees and the rest is expected to be allocated in the subsequent two years.

DIVIDEND

The Board has recommended the payment of a final dividend of 15.00 HK cents (approximately RMB 12.76 fen) per share for the financial year ended 31 December 2010 to the shareholders whose names appear on the register of members of the Company on Friday, 27 May 2011. The final dividend will be payable on Thursday, 9 June 2011.

ANNUAL GENERAL MEETING

An annual general meeting of the Company will be held on Friday, 27 May 2011, notice of which will be published and dispatched to the shareholders as soon as practicable in accordance with the Company's articles of association and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 24 May 2011 to Friday, 27 May 2011, 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 Friday, 27 May 2011, 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 Monday, 23 May 2011.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2010.

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 year ended 31 December 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, the latter of whom has ceased to be a member of the Executive Committee upon his resignation as a Director on 21 December 2010) 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 year ended 31 December 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.

REVIEW OF FINANCIAL STATEMENTS

The Audit Committee and the management have reviewed the accounting principles and practices adopted by the Group, discussed auditing and financial reporting matters and have reviewed the annual results of the Group for the year ended 31 December 2010. In addition, the consolidated financial statements of the Group for the year ended 31 December 2010 have been audited by the Group's auditor, Messrs. Deloitte Touche Tohmatsu and an unqualified opinion report was issued.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2010 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 RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the website of the Stock Exchange at www.hkex.com.hk and at the website of the Company at www.irasia.com/listco/hk/xingda/index.htm. The annual report 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 2011.

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

Shanghai, the PRC, 25 March 2011

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 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.