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XINGDA
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XINGDA INTERNATIONAL HOLDINGS LIMITED
興 達 國 際 控 股 有 限 公 司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 01899)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2013

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2013 (unaudited)	2012 (unaudited)	
	RMB in million	*RMB in million*	**CHANGE**
Revenue	**2,708.8**	2,763.7	-2.0%
Gross profit	**671.0**	568.0	+18.1%
Gross profit margin	**24.8%**	20.6%	+4.2pp
EBITDA *(Note)*	**613.0**	499.2	+22.8%
Profit attributable to owners of the Company	**207.1**	149.3	+38.7%
Earnings per share - basic (RMB fen)	**13.58**	9.79	+38.7%
	As at		
	30.6.2013 (unaudited)	31.12.2012 (audited)	
Net debts to equity ratio	**10.5%**	13.9%	-3.4pp
Gearing ratio	**9.5%**	12.7%	-3.2pp

Note: It is arrived at profit before finance costs, income tax expense, depreciation and amortisation.

INTERIM RESULTS

The board of directors (the “Board”) of Xingda International Holdings Limited (the “Company”) is pleased to announce the condensed consolidated financial statements of the Company and its subsidiaries (the “Group or "Xingda”) for the six months ended 30 June 2013 together with the comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2013

		Six months ended 30 June	
	NOTES	**2013**	2012
		(unaudited)	(unaudited)
		RMB'000	*RMB'000*
Revenue	3	**2,708,820**	2,763,721
Cost of sales		**(2,037,845)**	(2,195,678)
Gross profit		**670,975**	568,043
Other income		**25,841**	37,251
Government grants		**11,572**	462
Selling and distribution expenses		**(167,209)**	(176,699)
Administrative expenses		**(129,289)**	(101,913)
Other gain, losses and expenses	4	**(21,781)**	(36,787)
Finance costs		**(33,464)**	(57,340)
Share of profit of a joint venture		**1,616**	3,843
Profit before taxation		**358,261**	236,860
Income tax expense	5	**(65,258)**	(43,093)
Profit and total comprehensive income for the period	6	**293,003**	193,767
Profit for the period and total comprehensive income attributable to:			
Owners of the Company		**207,119**	149,297
Non-controlling interests		**85,884**	44,470
		293,003	193,767
Earnings per share	8		
Basic (RMB fen)		**13.58**	9.79

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2013

	NOTES	As at 30 June 2013 (unaudited) *RMB'000*	As at 31 December 2012 (audited) *RMB'000*
ASSETS AND LIABILITIES			
NON-CURRENT ASSETS			
Property, plant and equipment		**3,768,563**	3,893,192
Prepaid lease payments		**238,933**	241,839
Investment properties		**130,200**	130,200
Interest in a joint venture		**250,336**	248,720
Deferred tax assets		**28,443**	26,637
Prepayment		**14,500**	16,000
Deposits paid for purchase of property, plant and equipment		**25,282**	13,403
		4,456,257	4,569,991
CURRENT ASSETS			
Prepaid lease payments		**5,812**	5,812
Inventories		**537,741**	433,303
Trade and other receivables	9	**4,003,049**	3,774,660
Pledged bank deposits		**123,500**	58,000
Bank balances and cash		**406,386**	521,441
		5,076,488	4,793,216
CURRENT LIABILITIES			
Trade and other payables	10	**2,095,575**	1,734,564
Amount due to a related company		**1,517**	2,004
Tax payable		**60,752**	56,984
Bank borrowings - due within one year		**910,000**	1,190,000
Government grants		**10,000**	10,000
		3,077,844	2,993,552
NET CURRENT ASSETS		**1,998,644**	1,799,664
TOTAL ASSETS LESS CURRENT LIABILITIES		**6,454,901**	6,369,655
NON-CURRENT LIABILITY			
Deferred tax liabilities		**47,110**	59,136
NET ASSETS		**6,407,791**	6,310,519

	As at 30 June 2013 (unaudited) *RMB'000*	As at 31 December 2012 (audited) *RMB'000*
CAPITAL AND RESERVES		
Share capital	**150,999**	150,999
Reserves	**4,659,373**	4,647,985
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	**4,810,372**	4,798,984
NON-CONTROLLING INTERESTS	**1,597,419**	1,511,535
TOTAL EQUITY	**6,407,791**	6,310,519

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2013

	Six months ended 30 June	
	2013	2012
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
NET CASH GENERATED FROM OPERATING ACTIVITIES		
Profit before taxation	**358,261**	236,860
Depreciation and amortisation	**221,226**	204,956
(Increase) decrease in inventories	**(104,438)**	107,747
Increase in trade and other receivables	**(232,580)**	(57,901)
Increase (decrease) in trade and other payables	**422,540**	(165,367)
Income tax paid	**(75,322)**	(67,965)
Purchase of shares for the purpose of share award scheme	**(22,403)**	-
Other operating cash flows	**46,822**	75,741
	614,106	334,071
NET CASH USED IN INVESTING ACTIVITIES		
Additions to and deposit paid for purchase of property, plant and equipment	**(166,957)**	(319,436)
Withdrawal of pledged bank deposits	**58,000**	28,920
Placement of pledged bank deposit	**(123,500)**	-
Interest received	**2,755**	6,147
Proceeds from disposal of property, plant and equipment	**292**	2,898
	(229,410)	(281,471)
NET CASH USED IN FINANCING ACTIVITIES		
New bank loans raised	**1,198,000**	1,663,000
Repayment of bank loans	**(1,478,000)**	(1,585,000)
Dividend paid	**(185,455)**	(247,227)
Interest paid	**(34,296)**	(61,297)
	(499,751)	(230,524)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(115,055)**	(177,924)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**521,441**	730,856
CASH AND CASH EQUIVALENTS AT 30 JUNE	**406,386**	552,932
Represented by:		
Bank balances and cash	**406,386**	552,932

NOTES:

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 ("IAS34") Interim Financial Reporting issued by the International Accounting Standards Board (the "IASB") as well as 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").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for the investment properties which are measured at fair values.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2013 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2012.

In the current interim period, the Group has applied, for the first time, certain new and revised International Financial Reporting Standards ("IFRSs") issued by the IASB that are mandatorily effective for the current interim period.

The impact of the application of these standards is set out below.

Amendments to IAS 1 *Presentation of Items of Other Comprehensive Income*

The amendments to IAS 1 introduce new terminology for statement of comprehensive income and income statement. Under the amendments to IAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively.

IFRS 13 ***Fair Value Measurement***

The Group has applied IFRS 13 for the first time in the current interim period. IFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various IFRSs. Consequential amendments have been made to IAS 34 to require certain disclosures to be made in the interim condensed consolidated financial statements.

The scope of IFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions. IFRS 13 contains a new definition for 'fair value' and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under IFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, IFRS 13 includes extensive disclosure requirements.

In accordance with the transitional provisions of IFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively. The application of IFRS13 has had no material impact on the fair value measurement of the Group's investment properties.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In the current interim period, the Group has applied for the first time IFRS 10, IFRS 11, IFRS 12 and IAS 28 (as revised in 2011) together with the amendments to IFRS 10, IFRS 11 and IFRS12 regarding the transitional guidance. IAS 27 (as revised in 2011) is not applicable to these condensed consolidated financial statements as it deals only with separate financial statements.

Impact of the application of IFRS 11

IFRS 11 replaces IAS 31 *Interests in Joint Ventures*, and the guidance contained in a related interpretation, SIC-Int 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*, has been incorporated in IAS 28 (as revised in 2011). IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under IFRS 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under IFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, IAS 31 had three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under IAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was classified as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations are different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable standards.

The directors of the Company (the "Directors") reviewed and assessed the classification of the Group's investments in joint arrangements in accordance with the requirements of IFRS 11. The Directors concluded that the Group's investment in Shandong Xingda Steel Tyre Cords Co. Ltd., which was classified as a jointly controlled entity under IAS 31 and was accounted for using the equity method, should be classified as a joint venture under IFRS 11 and accounted for using the equity method.

Except as described above, the application of the other new and revised IFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

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, bead wires and sawing wires, for the purposes of resource allocation and assessment of performance. However, other than revenue analysis, no operating results or 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.

4. OTHER GAINS, LOSSES AND EXPENSES

	Six months ended 30 June	
	2013	2012
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
Allowance for doubtful debts: trade receivables	**3,391**	13,751
Written-off of trade receivables	**800**	1,680
Research and development expenditure	**18,174**	19,138
Exchange loss (gain), net	**1,866**	(1,007)
Loss on disposal of property, plant and equipment	**400**	3,225
Recovery of doubtful debts	**(2,850)**	-
	21,781	36,787

5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2013	2012
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
The charge comprises:		
Current tax		
Current period	**79,090**	46,992
Deferred taxation	**(13,832)**	(3,899)
	65,258	43,093

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.

On 5 November 2012, Jiangsu Xingda Steel Tyre Cord Co., Ltd. ("Jiangsu Xingda") renewed its High-tech Enterprise Certificate which expired in 2011 with the relevant authorities and received the High-tech Enteprise Certificate on 22 April 2013. In accordance with the renewed High-tech Enterprise Certificate, the status of High-tech Enterprise is effective for the years 2012, 2013 and 2014. As a result, the tax rate of 15% is used to calculate the amount of current and deferred tax for the six-month ended 30 June 2013 and 30 June 2012, as well as the year ended 31 December 2012.

At 30 June 2013, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised was RMB1,919 million (31 December 2012: RMB1,650 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.

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

6. PROFIT FOR THE PERIOD

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

	Six months ended 30 June	
	2013	2012
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
Depreciation of property, plant and equipment	**218,320**	202,050
Amortisation of prepaid lease payments	**2,906**	2,906

7. DIVIDENDS

	Six months ended 30 June	
	2013	2012
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
Final dividend paid in respect of the year ended 31 December 2012 - 15 HK cents per share (2012: final dividend paid in respect of the year ended 31 December 2011 - 20 HK cents per share)	**185,455**	247,227

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

8. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2013	2012
	(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)	**207,119**	149,297
	'000	'000
Number of shares		
Number of ordinary shares for the purpose of basic earnings per share	**1,524,777**	1,524,777

There were no potential ordinary shares outstanding during the six months ended 30 June 2013 and 2012.

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, net of allowance for doubtful debt, presented based on the invoice date and the number of days to maturity date respectively at the end of the reporting period:

	As at 30 June 2013 (unaudited)	As at 31 December 2012 (audited)
	RMB'000	*RMB'000*
Trade receivables		
0 - 90 days	**1,565,212**	1,297,894
91 - 180 days	**234,781**	208,349
181 - 360 days	**122,962**	76,610
Over 360 days	**8,057**	8,847
	1,931,012	1,591,700
Note receivables		
0 - 90 days	**766,395**	1,092,465
91 - 180 days	**946,643**	847,268
181 - 360 days	**279,552**	192,728
	1,992,590	2,132,461
Advance to raw materials suppliers	**23,360**	18,461
Prepayment for spools	**16,523**	14,534
Other receivables and prepayments, net of allowance for doubtful debts	**39,564**	17,504
	79,447	50,499
	4,003,049	3,774,660

The Group reviewed the recoverability of long aged trade receivables on a case by case basis and an allowance for doubtful debts of approximately RMB3,391,000 (six months ended 30 June 2012: RMB13,751,000) has been recognised for long outstanding trade receivables for the period.

10. TRADE AND OTHER PAYABLES

The following is an analysis of trade and notes payables by age, presented based on the invoice date and the number of days to maturity date respectively at the end of the reporting period:

	As at 30 June 2013 (unaudited)	As at 31 December 2012 (audited)
	RMB'000	*RMB'000*
Trade payables		
0 - 90 days	**730,978**	636,920
91 - 180 days	**39,520**	178,804
181 - 360 days	**68,932**	109,544
Over 360 days	**3,367**	11,287
	842,797	936,555
Note payables		
0 - 90 days	**250,329**	150,000
91 - 180 days	**573,411**	119,263
	823,740	269,263
Value-added tax payable and other tax payables	**56,562**	34,176
Accrued staff costs and pension	**124,879**	173,606
Payables for purchase of property, plant and equipment	**169,798**	230,496
Accrued interest expense	**1,494**	2,326
Accrued electricity charges	**50,929**	44,510
Others	**25,376**	43,632
	429,038	528,746
	2,095,575	1,734,564

At the end of the reporting period, the Group's pledged bank deposits were used to secure on certain note payables.

MANAGEMENT DISCUSSION AND ANALYSIS

We are pleased to present the unaudited interim results of Xingda International Holdings Limited (the "Company") and its subsidiaries (together, the "Group" or "Xingda") for the six months ended 30 June 2013.

During the first half of 2013, the Group's revenue decreased by 2.0% to RMB2,708.8 million (first half of 2012: RMB2,763.7 million), while gross profit rose by 18.1% to RMB671.0 million (first half of 2012: RMB568.0 million). Although average selling prices of the Group's products had been under moderate downward pressure since the second half of 2012, the gross profit margin improved by 4.2 percentage points to 24.8% (first half of 2012: 20.6%), which was mainly attributable to a decline in raw material costs and a higher utilization rate. Profit attributable to shareholders surged 38.7% to RMB207.1 million (first half of 2012: RMB149.3 million), bolstered by a rebound in the radial tire cord demand in domestic market and reduced finance costs. Basic earnings per share were RMB13.58 fen, representing a year-on-year increase of 38.7%. The Board does not recommend payment of an interim dividend for the six months ended 30 June 2013.

Underpinned by the recovery of property development and infrastructure construction, China's truck tire replacement market saw a moderate and sustainable rebound during the first half of 2013, reversing the downtrend seen in the second half of 2012. On the other hand, continued sales growth of passenger vehicles in China and rising U.S. demand for Chinese radial tires as the three-year anti-dumping measures imposed on exports of China's low-end radial tire for passenger cars exports expired at the end of September 2012 were the major growth drivers for passenger car tires production in China during the first half of 2013.

According to the China Association of Automobile Manufacturers, during the first half of 2013, China's total production volume of automobile increased by 12.8% compared with the same period in 2012. During the period under review, the tire output recorded a modest growth of 14% to approximately 228 million units, of which approximately 200 million units or 88% were radial tires, according to the data provided by China Rubber Industry Association.

BUSINESS REVIEW

Benefitting from the recovery of China's radial tire industry, the sales performance of Xingda was stablised in the first half of 2013, with total sales volume rising by 8.0% year-on-year to 262,100 tonnes. More specifically, the sales volume of radial tire cords climbed 10.2% to 227,400 tonnes, while the sales volume of bead wires maintained at 32,600 tonnes. The two products accounted for 86.8% and 12.4% of the Group's total sales volume, respectively (first half of 2012: 85.1% and 13.4%). The sales volume of sawing wires was 2,100 tonnes, contributing 0.8% to the Group's total sales volume (first half of 2012: 1.5%).

The sales volume of the Group's major product – radial tire cords for trucks – increased by 11.6% to 150,500 tonnes, thanks to the increasing replacement demand for truck tires, while the sales volume of radial tire cords for passenger cars increased by 7.6% to 76,900 tonnes, which was supported in part by the growing number of sedan in China. During the period, radial tire cords for trucks and for passenger cars accounted for 66.2% and 33.8% of the Group's total sales volume of radial tire cords, respectively (first half of 2012: 65.4% and 34.6%).

Sales Volume

	Six months ended 30 June		
	2013	2012	Change
	Tonnes	*Tonnes*	
Radial Tire Cords	**227,400**	206,400	+10.2%
- For Trucks	***150,500***	*134,900*	*+11.6%*
- For Passenger Cars	***76,900***	*71,500*	*+7.6%*
Bead Wires	**32,600**	32,600	-
Sawing Wires	**2,100**	3,700	-43.2%
Total	**262,100**	242,700	+8.0%

As an industry leader in China with a strong customer base, Xingda has been able to take full advantage of the rebound in the domestic market demand, which contributed approximately 80.5% to the Group's total sales. An additional highlight is that the Group has achieved a better product mix in export sales, with radial tire cords for trucks accounting for a higher portion in the first half of the year. It is expected that export sales will make a higher profit contribution to Xingda when the Group completes more products certification in cooperation with major overseas customers.

During the first half of 2013, the Group benefited from the decline in prices of raw materials, particularly the price of steel wire rods, the Group's major raw material, which has more than compensated for the drop in average selling prices. The proportion of the cost of steel wire rods to the total cost of sales was lowered to 54.2% during the period (first half of 2012: 57.0%).

Xingda has accelerated its expansion plans to meet growing market demand for radial tire cords. During the period under review, the construction of the Shandong plant has been proceeding at a faster pace and is expected to commence trial run in the fourth quarter of 2013. The new capacity from the Shangdong plant aims for the demand growth in the domestic market in medium term. As at 30 June 2013, the Group had an annual production capacity for radial tire cords, sawing wires and bead wires of 500,000 tonnes, 12,000 tonnes and 100,000 tonnes, respectively. The production capacity of the Group remained unchanged since the first half of 2011. The overall utilisation rate and the utilisation rate in the production of radial tire cords have further climbed to 84.1% and 89.1%, respectively, in the first half of 2013 (first half of 2012: 80.6% and 84.0%, respectively).

In order to expand its business and diversify its product portfolio and accommodate the different requirements of a wider variety of clients, Xingda has developed 2 types of radial tire cords, 3 types of bead wires and 1 type of sawing wire during the period under review. As at 30 June 2013, the Group provided a product mix consisting of 175 types of radial tire cords, 66 types of bead wires and 12 types of sawing wires (first half of 2012: 171 types of radial tire cords, 63 types of bead wires and 9 types of sawing wires).

FINANCIAL REVIEW

Revenue

The Group's revenue according to product categories is as follows:

	Six months ended 30 June				
RMB in million	**2013**	**Proportion (%)**	2012	Proportion (%)	Change (%)
Radial Tire Cords	**2,474.9**	**91**	2,461.4	89	+0.5
- *For Trucks*	***1,682.0***	***62***	*1,659.6*	*60*	*+1.3*
- *For Passenger Cars*	***792.9***	***29***	*801.8*	*29*	*-1.1*
Bead Wires	**189.4**	**7**	198.2	7	-4.4
Sawing Wires	**44.5**	**2**	104.1	4	-57.3
Total	**2,708.8**	**100**	2,763.7	100	-2.0

Radial tire cords for trucks, which contributed RMB1,682.0 million and 62.1% to the Group's revenue in the first half of 2013, remained as the main product line of the Group. With the expanding overseas market and growing domestic market, revenue from radial tire cords for passenger cars recorded a revenue of RMB792.9 million, while the revenue for bead wires and sawing wires was RMB189.4 million and RMB44.5 million, respectively. During the first half of 2013, the Group's total revenue decreased slightly by 2.0% or RMB54.9 million to RMB2,708.8 million from RMB2,763.7 million in the first half of 2012 as a result of the lower average product selling prices outweighing the sales volume growth.

Gross profit and gross profit margin

The Group's gross profit increased by 18.1% or RMB103.0 million to RMB671.0 million in the first half of 2013 (first half of 2012: RMB568.0 million), while gross profit margin expanded to 24.8% (first half of 2012: 20.6%), which was attributable to the decline in raw materials cost and higher utilization rate.

Other income

Other income decreased by RMB11.5 million or 30.8% from RMB37.3 million in the first half of 2012 to RMB25.8 million for the period under review. The decrease was mainly caused by the decrease in sale of scrap materials.

Government grants

Government grants for the period increased by 22.2 times from RMB0.5 million in the first half of 2012 to RMB11.6 million, thanks to the increase in recurring subsidies from the local government.

Selling and distribution expenses

Selling and distribution expenses decreased by RMB9.5 million or 5.4% from RMB176.7 million in the first half of 2012 to RMB167.2 million for the period under review. The decrease was mainly caused by effective cost control on transportation costs.

Administrative expenses and other gains, losses and expenses

Administrative expenses for the six months ended 30 June 2013 increased by RMB27.4 million or 26.9% to RMB129.3 million when compared to the same period of 2012. The increase was mainly due to an increase in staff costs and the cost of the Group's long term incentive programme (share award benefits) for the senior management. Other gains, losses and expenses decreased by RMB15.0 million or 40.8% from RMB36.8 million in the first half of 2012 to RMB21.8 million in the first half of 2013. The decrease was mainly due to the reduction of the impairment loss recognised on trade and other receivables during the period.

Finance costs

Finance costs dropped by RMB23.8 million or 41.5% to RMB33.5 million from RMB57.3 million in the same period of 2012. The drop was mainly due to the decrease in average bank borrowings in the first half of 2013.

Income tax

The Group had an income tax charge of RMB65.3 million with an effective tax rate at 18.2% (first half of 2012: RMB43.1 million and 18.2%) for the first half of 2013.

Net profit

Taking the above factors into account, the Group's net profit for the six months ended 30 June 2013 increased by RMB99.2 million or 51.2% from RMB193.8 million in the first half of 2012 to RMB293.0 million.

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 repayment of bank loans, payment of dividends and acquisition of plant and machinery.

Bank balances and cash of the Group decreased by RMB115.0 million from RMB521.4 million as at 31 December 2012 to RMB406.4 million as at 30 June 2013. The decrease was due to the cash used in financing activities of RMB499.7 million and investment activities of RMB229.4 million exceeding the cash generated from operating activities of RMB614.1 million.

Bank borrowings which were denominated in renminbi were reduced by RMB280.0 million or 23.5% to RMB910.0 million as at 30 June 2013 from RMB1,190.0 million as at 31 December 2012. The bank borrowings carried interest at market rates from 5.32% to 6.00% (first half of 2012: 5.61% to 7.93%) and were repayable within one year.

The Group's current assets increased by 5.9% to RMB5,076.5 million as at 30 June 2013 from RMB4,793.2 million as at 31 December 2012. Its current liabilities increased by 2.8% from RMB2,993.6 million as at 31 December 2012 to RMB3,077.8 million as at 30 June 2013. The Group's current ratio (being defined as current assets over current liabilities) rose to 1.65 times as at 30 June 2013 from 1.60 times as at 31 December 2012. The gearing ratio (being defined as total debts to total assets) decreased from 12.7% as at 31 December 2012 to 9.5% as at 30 June 2013 due to decrease in bank borrowings.

FOREIGN EXCHANGE RISK

The Group's sales and purchases were principally denominated in renminbi, U.S. dollars and euro. Since more than half of the sales proceeds in U.S. dollars and euro had been used to purchase imported raw materials in the same currencies, the appreciation of the renminbi did not have significant negative impact to the operations of the Group in the first half of 2013.

Apart from certain bank and debtors' balances in Hong Kong dollars, U.S. dollars and euro, almost all of the assets and liabilities of the Group were denominated in renminbi, therefore the Group was not exposed to significant foreign exchange risk. Thus, during the period 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 into any financial derivative instruments to hedge against foreign exchange currency exposure during the period under review. However, the Group will closely monitor the impact of change in value of renminbi on its operation and consider appropriate hedging solutions, if required.

CAPITAL EXPENDITURE

For the six months ended 30 June 2013, capital expenditure of the Group for property, plant and equipment amounted to RMB94.4 million (for the six months ended 30 June 2012: RMB228.4 million).

CAPITAL COMMITMENTS

As at 30 June 2013, the Group had capital commitment of approximately RMB220.5 million (31 December 2012: RMB113.1 million) for acquisition of property, plant and equipment contracted for but not provided in the financial statements. The Group did not have any capital commitment for acquisition of property, plant and equipment authorised but not contracted as at 30 June 2013 and 31 December 2012.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 30 June 2013 and 31 December 2012 respectively.

PLEDGE OF ASSETS

As at 30 June 2013, the Group pledged bank deposits of RMB123.5 million to a bank to secure notes payables of the Group (31 December 2012: RMB58.0 million).

SIGNIFICANT INVESTMENTS

The Group had no significant external investments for the six months ended 30 June 2013 and 2012.

SIGNIFICANT ACQUISITIONS AND DISPOSALS

The Group had no significant acquisitions and disposals for the six months ended 30 June 2013 and 2012.

HUMAN RESOURCES

As at 30 June 2013, the Group had approximately 6,600 (31 December 2012: approximately 6,700) full time employees. Total staff costs including directors' remuneration for the six months ended 30 June 2013 were approximately RMB231.5 million (first half of 2012: approximately RMB208.7 million). Salaries were generally reviewed with reference to employees' merit, qualifications and competence. The calculation of bonuses was based on an evaluation of individual efforts and contributions to the financial performance of the Group. The Group also continues to provide training 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 ("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 2013, the amount of Union Fees contributed by Jiangsu Xingda to the Xingda Labour Union amounted to RMB4.1 million (first half of 2012: RMB3.4 million).

According to the Social Insurance Regulations published by the State Council of China on 14 January 1999, the Group is required to make contributions to pension funds and insurance policies for its employees. Full-time employees of the Group in China are covered by the contributory pension scheme managed by the 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 pension funds, the Group has provided different levels of medical, personal accidental and unemployment insurance policies for its employees.

In 2009, the Board of Directors 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 will be purchased by the trustee in the market out of cash contributed by the Company and be held in trust for the selected employees until such shares are vested in the selected employees in accordance with the provisions of the scheme. In 2010, 5,000,000 Company's shares (the "First Batch Shares") were purchased by the trustee on the public market. In 2011, another 5,000,000 Company's shares (the "Second Batch Shares") were purchased by the trustee on the public market. In the first half of 2013, 10,481,000 Company's shares were purchased by the trustee on the public market, of which 5,000,000 shares were added to the Second Batch Shares and the remaining 5,481,000 shares were treated as the "Third Batch Shares". During the six months ended 30 June 2013, the total consideration and other directly attributable incremental costs of the shares purchased under the share award scheme in an aggregate amount of RMB22.4 million were recognised in the reserve of the Company. As at 30 June 2013, all the First Batch Shares and approximately one third of the Second Batch Shares had been vested with selected employees. The remaining portion of the Second Batch Shares and the Third Batch Shares will be vested with selected employees in a five-year period from 2014 onwards.

PROSPECTS

Despite a modest slowdown in the first half of 2013, China has been pressing on with various economic reforms aimed at stabilizing short-term growth as well as driving the economy towards a healthier and more balanced development in the long run. Under the new leadership, the Chinese government has embarked on a vast program of urbanization in the next decade, which requires large investments in public infrastructure and property constructions. The burgeoning replacement demand for truck tires, coupled with rising need for passenger vehicles in China, provides a favorable environment for tire manufacturing sector as well as for Xingda.

In anticipation of sustainable recovery in the domestic market, Xingda has adjusted its expansion plan to speed up its construction of the Shandong plant in order to meet the growing orders from the major tire companies in China. The plant is expected to commence trial production in the fourth quarter of 2013 and commence full operation in the first quarter of 2014. In the meantime, the Group plans to upgrade its first-generation machines, with an aim to raise its existing radial tire cord production capacity by approximately 4% by the end of this year.

In addition to its domestic operations, Xingda will continue to expand its client base globally. Leveraging its distinguished reputation within the industry and its strong relationships with the major global tire manufacturers, Xingda is confident of securing more overseas orders for radial tire cords for trucks and expanding its global market share going forward.

Looking ahead, Xingda will continue to strengthen its competitive advantage in order to maintain the Group's leading market position in China, while adhering to its strategic plan to expand its product offering as well as its client base globally.

INTERIM DIVIDEND

The Board of directors of the Company does not recommend the payment of interim dividend for the six months ended 30 June 2013.

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 Corporate Governance Code contained in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2013, except for the following:-

Code provision A.2.1 which provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The chairman of the Board, Mr. Liu Jinlan, provides overall leadership for the Board and takes the lead to ensure that the Board acts in the best interest of the Company. The Company does not have the position of chief executive and the daily operation of the Group is assigned among the executive Directors. In addition to the fact that the responsibilities of the chairman are shared by the remaining executive Directors, the Executive Committee of the Company which has been established for determining, approving and overseeing the day-to-day control over the allocation of the Group's resources also segregates the duties of Mr. Liu Jinlan.

Code Provision A.4.1 provides that non-executive directors should be appointed for a specific term and be subject to re-election. The Company has not fixed the term of appointment for its non-executive Director, Ms. Wu Xiaohui, since she is subject to retirement by rotation at least once every three years and re-election at the annual general meeting of the Company in accordance with the Articles of Association of the Company.

Code provision A.6.7 provides that independent non-executive directors and non-executive directors should attend general meetings. Mr. William John Sharp and Ms. Xu Chunhua, both being independent non-executive Directors, were unable to attend the annual general meeting of the Company held on 24 May 2013 as they had to attend other meetings or were engaged in other businesses and commitments. However, Mr. Sharp and Ms. Xu subsequently requested the company secretary of the Company to report to each of them on the views of the shareholders of the Company in the annual general meeting. As such, the Board considers that the development of a balanced understanding of the views of shareholders among the non-executive Directors and independent non-executive Directors was ensured.

In compliance with the code provisions of the Corporate Governance Code, the Company has set up the Audit Committee, the Remuneration and Management Development Committee and the Nomination Committee, and the Board has been responsible for performing the corporate governance duties as set out in the code provisions.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as the code of conduct regarding Directors' securities transactions. After having made specific enquiry with all Directors, the Company has received confirmations from all Directors that they have complied with the required standards set out in the Model Code during the six months ended 30 June 2013.

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

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

Apart from the Company's shares purchased under the share award scheme of the Company as mentioned in this announcement, 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 2013.

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 financial reporting matters including the review of the unaudited interim results of the Group for the six months ended 30 June 2013.

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

Shanghai, the PRC, 21 August 2013

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