XINGDA
兴 达

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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

FINANCIAL HIGHLIGHTS

	2023 ***RMB in million***	2022 *RMB in million*	**Change**
Revenue	**11,490.5**	10,812.0	**+6.3%**
Gross profit margin	**19.2%**	21.0%	**-1.8pp**
EBITDA (note)	**1,611.7**	1,521.6	**+5.9%**
Profit for the year attributable to owners of the Company	**449.4**	348.4	**+29.0%**
Earnings per share –			
basic (RMB cents)	**27.07**	20.99	**+29.0%**
diluted (RMB cents)	**26.89**	20.88	**+28.8%**
Proposed final dividend/ final dividend per share (HK cents)	**13.0**	15.0	**-13.3%**

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

RESULTS

The board of directors (the “Board”) of Xingda International Holdings Limited (the “Company” or "Xingda") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2023 together with the comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	NOTES	**Year ended 31/12/2023** ***RMB'000***	Year ended 31/12/2022 *RMB'000*
Revenue	4	**11,490,471**	10,812,028
Cost of sales		**(9,289,969)**	(8,538,496)
Gross profit		**2,200,502**	2,273,532
Other income	5	**145,049**	213,819
Government grants		**14,125**	22,711
Other gains and losses, net	6	**67,391**	152,336
Recognition of impairment losses under expected credit loss model		**(25,995)**	(2,543)
Other expense	5	**(7,759)**	(33,796)
Distribution and selling expenses		**(796,350)**	(1,061,026)
Administrative expenses		**(456,966)**	(452,228)
Research and development expenditure		**(170,719)**	(169,231)
Finance costs	7	**(233,527)**	(198,936)
Profit before tax		**735,751**	744,638
Income tax expense	8	**(98,362)**	(186,426)
Profit for the year	9	**637,389**	558,212
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		**9,592**	19,159
Total comprehensive income for the year		**646,981**	577,371

	NOTE	**Year ended 31/12/2023** *RMB'000*	Year ended 31/12/2022 *RMB'000*
Profit for the year attributable to:			
Owners of the Company		**449,401**	348,391
Non-controlling interests		**187,988**	209,821
		637,389	558,212
Total comprehensive income for the year attributable to:			
Owners of the Company		**455,672**	361,830
Non-controlling interests		**191,309**	215,541
		646,981	577,371
Earnings per share	11		
Basic (RMB cents)		**27.07**	20.99
Diluted (RMB cents)		**26.89**	20.88

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	NOTES	**31/12/2023**	31/12/2022
		RMB'000	*RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment	12	**7,159,611**	6,765,865
Right-of-use assets		**620,193**	635,001
Freehold land		**69,532**	67,542
Investment properties		**117,300**	121,000
Term deposits		**725,337**	1,499,673
Deferred tax assets		**170,546**	123,651
Prepayments for acquisition of property, plant and equipment and freehold land		**254,551**	135,289
Prepayments		**14,963**	17,963
		9,132,033	9,365,984
CURRENT ASSETS			
Inventories		**903,643**	1,181,169
Financial assets at fair value through profit or loss ("FVTPL")		**69,448**	65,108
Trade, bills and other receivables	13	**8,028,097**	8,147,717
Tax recoverable		—	2,330
Term deposits		**2,015,840**	1,422,803
Bank balances and cash		**570,801**	824,867
		11,587,829	11,643,994
CURRENT LIABILITIES			
Trade and other payables	14	**5,015,283**	5,285,936
Contract liabilities		**50,841**	57,275
Tax liabilities		**71,258**	103,748
Dividend payable		**86,290**	187,950
Borrowings - due within one year		**6,120,325**	5,739,331
Lease liabilities		**250**	251
Obligations arising from repurchase of shares		**223,944**	249,677
		11,568,191	11,624,168
NET CURRENT ASSETS		**19,638**	19,826
TOTAL ASSETS LESS CURRENT LIABILITIES		**9,151,671**	9,385,810
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**59,473**	53,046
Borrowings - due after one year		**509,725**	1,152,500
Deferred income		**283,053**	255,702
Lease liabilities		**529**	779
		852,780	1,462,027
NET ASSETS		**8,298,891**	7,923,783

	NOTE	**31/12/2023**	31/12/2022
		RMB'000	*RMB'000*
CAPITAL AND RESERVES			
Share capital	15	**163,218**	163,218
Share premium and other reserves		**5,941,705**	5,701,296
Equity attributable to owners of the Company		**6,104,923**	5,864,514
Non-controlling interests		**2,193,968**	2,059,269
TOTAL EQUITY		**8,298,891**	7,923,783

NOTES

1. GENERAL

Xingda International Holdings Limited (the "Company", and together with its subsidiaries, collectively referred to as the "Group") 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 address of the registered office of the Company is 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 Company is an investment holding company and its subsidiaries are engaged in the manufacture and trading of radial tire cords, bead wires and other wires.

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

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

New and amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to IFRSs issued by the International Accounting Standards Board ("IASB") for the first time, which are mandatorily effective for Group’s the annual periods beginning on 1 January 2023 for the preparation of the consolidated financial statements:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts
Amendment to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform-Pillar Two model Rules
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described below, the application of the new and amendments to IFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts on application of Amendments to IAS 12 Income Taxes International Tax Reform-Pillar Two model Rules

The Group has applied the amendments for the first time in the current year. IAS 12 is amended to add the exception to recognising and disclosing information about deferred tax assets and liabilities that are related to tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (the "Pillar Two legislation"). The amendments require that entities apply the amendments immediately upon issuance and retrospectively. The amendments also require that entities to disclose separately its current tax expense/income related to Pillar Two income taxes in periods which the Pillar Two legislation is in effect, and the qualitative and quantitative information about its exposure to Pillar Two income taxes in periods in which the Pillar Two legislation is enacted or substantially enacted but not yet in effect in annual reporting periods beginning on or after 1 January 2023.

The Group has applied the temporary exception immediately upon issue of these amendments and retrospectively, i.e. applying the exception from the date Pillar Two legislation is enacted or substantially enacted. The Group's current tax expense/income related to Pillar Two income taxes is disclosed in note 8.

Impacts on application of Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. *IAS 1 Presentation of Financial Statements* is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

IFRS Practice Statement 2 Making Materiality Judgements (the "Practice Statement") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies set out in note 3 to the consolidated financial statements.

Amendments to IFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[2]
Amendments to IAS 1	Non-current Liabilities with Covenants[2]
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements[2]
Amendments to IAS 21	Lack of Exchangeability[3]

[1] Effective for annual periods beginning on or after a date to be determined.

[2] Effective for annual periods beginning on or after 1 January 2024.

[3] Effective for annual periods beginning on or after 1 January 2025.

Except for the amendments to IFRSs mentioned below, the directors of the Company anticipate that the application of all other amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to IAS 7 and IFRS 7 Supplier Finance Arrangements

The amendments add a disclosure objective to IAS 7 *Cash flow statements* stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFS 7 *Financial Instruments: Disclosures* was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

The term "supplier finance arrangements" is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information. To meet the disclosure objective, an entity will be required to disclose in aggregate for its supplier finance arrangements:

- The terms and conditions of the arrangements;
- The carrying amount and associated line items presented in the entity's statement of financial position, of the liabilities that are part of the arrangements, and the non-cash changes in the carrying amounts of these financial liabilities;
- The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers;
- Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement; and liquidity risk information

The amendments, which contain specific transition reliefs for the first annual reporting period in which an entity applies the amendments, are applicable for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted.

The application of the amendments is not expected to have impact on the financial position or performance of the Group but may affect the disclosures of liabilities, cash flows and the Group's exposure to liquidity risk related to the supplier finance arrangements entered into by the Group. The impacts of application, if any, will be disclosed in the Group's future consolidated financial statements.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENT AND MATERIAL ACCOUNTING POLICY INFORMATION

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. 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 ("Listing Rules") and by the Hong Kong Companies Ordinance (the "CO").

4. REVENUE AND SEGMENT INFORMATION

Revenue

(a) Disaggregation of revenue from contracts with customers

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

	Year ended 31/12/2023 *RMB'000*	Year ended 31/12/2022 *RMB'000*
Sale of products		
Radial tire cords		
- For trucks	**5,574,784**	5,209,375
- For passenger cars	**4,305,964**	4,056,017
Bead wires and other wires	**1,609,723**	1,546,636
Total	**11,490,471**	10,812,028
Timing of revenue recognition		
A point in time	**11,490,471**	10,812,028

The contracts for sales of goods to external customers are short-term and the contract prices are fixed.

The Group's customers were mainly tyre manufacturers in the PRC and other countries.

(b) Performance obligations for contracts with customers and revenue recognition policies

The Group sells radial tire cords and wires to external customers in which the revenue is recognised at a point in time when the control of the goods has transferred to the customers, mainly being when the goods are either picked up at site or free on board or delivered to the designated locations.

A receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

(c) Transaction price allocated to the remaining performance obligation for contracts with customers

All performance obligations for sale of radial tire cords, bead wires and other wires are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Segment information

The directors of the Company, 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 other wires, for the purposes of resource allocation and assessment of performance. However, other than revenue analysis, no operating results and other discrete financial information is available for the assessment of performance of the respective types of products. The directors of the Company review the operating results of the 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 information about its non-current assets (other than deferred tax assets and term deposits) by geographical locations of the assets is set out as below:

	31/12/2023	31/12/2022
	RMB'000	*RMB'000*
The PRC	**7,103,642**	6,597,928
Thailand	**1,132,508**	1,144,732
	8,236,150	7,742,660

Geographical information

Information about the Group's revenue from operations and arising from external customers is presented based on the location of the goods delivered.

	Year ended 31/12/2023	Year ended 31/12/2022
	RMB'000	*RMB'000*
The PRC (country of domicile)	**7,806,020**	6,939,808
India	**442,249**	493,196
Thailand	**432,900**	436,638
United States of America	**345,979**	367,978
Slovakia	**342,753**	274,030
Brazil	**305,257**	319,775
Korea	**188,179**	207,183
Others	**1,627,134**	1,773,420
	11,490,471	10,812,028

"Others" included revenue from various countries which are individually less than 10% of the Group's total revenue.

No customer contributes over 10% of the total revenue of the Group for the years ended 31 December 2023 and 2022.

5. OTHER INCOME AND OTHER EXPENSE

Other income

	Year ended 31/12/2023 *RMB'000*	Year ended 31/12/2022 *RMB'000*
Bank interest income	**52,193**	103,932
Sales of scrap materials	**62,733**	54,365
Rental income from investment properties	**2,171**	3,624
Sales of other materials	—	27,702
Sundry income	**27,952**	24,196
	145,049	213,819

Other expense

	Year ended 31/12/2023 *RMB'000*	Year ended 31/12/2022 *RMB'000*
Expenses of sundry income	**(7,759)**	(8,911)
Cost of sales of other materials	—	(24,885)
	(7,759)	(33,796)

6. OTHER GAINS AND LOSSES, NET

	Year ended 31/12/2023 *RMB'000*	Year ended 31/12/2022 *RMB'000*
Net foreign exchange gain	**65,123**	163,008
Change in fair value of financial assets at FVTPL	**4,340**	(8,129)
Dividend income from financial assets at FVTPL	**2,211**	3,160
Loss on disposal and written-off of property, plant and equipment	**(583)**	(4,963)
Loss on fair value changes of investment properties	**(3,700)**	(740)
	67,391	152,336

7. FINANCE COSTS

	Year ended 31/12/2023 *RMB'000*	Year ended 31/12/2022 *RMB'000*
Interests on bank borrowings	**232,648**	220,859
Imputed interest on obligations arising from repurchase of shares	**15,999**	18,604
Bills receivable discounted	**2,960**	2,568
Interests on lease liabilities	**40**	45
	251,647	242,076
Less: interests capitalised in the cost of qualifying assets	**(18,120)**	(43,140)
	233,527	198,936

Borrowing costs capitalised during the year arose on a specific borrowing with interest rate of 4.54% (2022: on a specific borrowing with interest rate of 4.83%) per annum to expenditure on qualifying assets.

8. INCOME TAX EXPENSE

	Year ended 31/12/2023 *RMB'000*	Year ended 31/12/2022 *RMB'000*
Current tax	**132,238**	175,082
Overprovision in prior years	**(15,770)**	(8,296)
Withholding tax paid	**22,362**	25,039
Deferred tax	**(40,468)**	(5,399)
	98,362	186,426

The tax charge represents income tax in the PRC which is calculated at the prevailing tax rate prevailing 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 of certain PRC subsidiaries is 25% for both years except for Jiangsu Xingda as further described below.

Following the renewal of the High-tech Enterprise Certificate (the "Certificate") issued on 30 November 2021, Jiangsu Xingda is entitled for the tax incentive as High-tech Enterprise and accordingly, enjoyed preferential tax rate of 15% till 2023.

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

No provision for taxation in Thailand has been made as assessable profit of the Group’s subsidiary in Thailand was absorbed by its unrecognised tax loss for year ended 31 December 2023 (2022: No provision for taxation in Thailand has been made as the Group's subsidiary in Thailand have no assessable profit).

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The Group has applied the temporary exception issued by the IASB in May 2023 from the accounting requirements for deferred taxes in IAS 12. Accordingly, the Group neither recognises nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

In December 2023, the Luxembourg Parliament transposed in domestic law of the European Union directive of the Pillar Two minimum taxation rules, where a subsidiary of the Company was incorporated, enacting the Pillar Two income taxes legislation effective from fiscal years starting on or after 31 December 2023. Under the legislation, the group entities incorporated in Luxembourg is required to pay the top-up tax on profits that are taxed at an effective tax rate of less than 15 per cent.

For the year ended 31 December 2023, profits generated by this group entity incorporated in Luxembourg accounted for less than 1% of the Group’s consolidated profit. After utilisation of unrecognised tax loss in prior year, the group entity has been taxed at progressive tax rate of 15% to 17% for the year ended 31 December 2023. The management assessed the impact of Pillar Two income taxes to the Group is insignificant.

The Group is continuing to assess the impact of the Pillar Two income taxes legislation on its future financial performance.

9. PROFIT FOR THE YEAR

	Year ended 31/12/2023 *RMB'000*	Year ended 31/12/2022 *RMB'000*
Profit for the year has been arrived at after charging (crediting):		
Staff cost, including directors' remuneration		
Salaries, wages and other benefits	**1,012,412**	836,119
Retirement benefit scheme contributions	**70,206**	62,971
Share-based payments	**2,591**	6,716
Total staff costs	**1,085,209**	905,806
Less: capitalised in inventories	**(721,140)**	(570,896)
Less: included in research and development expenditure	**(50,217)**	(45,289)
	313,852	289,621
Auditor's remuneration	**3,746**	2,883
Cost of inventories recognised as an expense	**9,198,347**	8,480,896
Depreciation and amortisation		
- Property, plant and equipment	**626,513**	562,465
- Right-of-use assets	**15,890**	15,589
Total depreciation and amortisation	**642,403**	578,054
Less: capitalised in inventories	**(570,588)**	(505,854)
Less: included in research and development expenditure	**(9,336)**	(7,738)
	62,479	64,462
Gross rental income from investment properties	**(2,171)**	(3,624)
Less: direct operating expenses incurred for investment properties that generated rental income during the year	**682**	428
Rental income from investment properties, net	**(1,489)**	(3,196)
Impairment loss recognised on property, plant and equipment (included in cost of sales)	**91,623**	71,360

10. DIVIDEND

	Year ended 31/12/2023 ***RMB'000***	Year ended 31/12/2022 *RMB'000*
Dividend for ordinary shareholders of the Company recognised as distribution during the year:		
Final dividend paid in respect of the year ended 31 December 2022 – 15.0 HK cents per share (2022: final dividend paid in respect of the year ended 31 December 2021 – 15.0 HK cents per share)	**222,752**	203,882
Final dividend proposed, 13.0 HK cents (financial year ended 31 December 2022: 15.0 HK cents) per share	**226,207**	222,752

During the current year, a final dividend of 15.0 HK cents (2022: 15.0 HK cents) per ordinary share in an aggregate amount of RMB222,752,000 (2022: RMB203,882,000) in respect of the year ended 31 December 2022 (2022: 31 December 2021) was approved at the annual general meeting of the Company held on 8 June 2023 (2022: 9 June 2022).

Subsequent to the end of the reporting period, a final dividend for the year ended 31 December 2023 of 13.0 HK cents (2022: 15.0 HK cents) per ordinary share in an aggregate amount of approximately RMB226,207,000 (2022: RMB222,752,000) has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting.

11. 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:

	Year ended 31/12/2023 ***RMB'000***	Year ended 31/12/2022 *RMB'000*
Profit for the year attributable to owners of the Company		
Earnings for the purpose of basic and diluted earnings per share	**449,401**	348,391

	Year ended 31/12/2023 **'000**	Year ended 31/12/2022 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,660,306**	1,659,529
Effect of dilutive potential ordinary shares in respect of outstanding share awards	**10,815**	9,102
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,671,121**	1,668,631

The weighted average number of ordinary shares shown above has been arrived at after deducting shares held by share award scheme trust.

12. PROPERTY, PLANT AND EQUIPMENT

Impairment assessment

For the year ended 31 December 2023, the ongoing customers-basis transfer plan of Xingda Steel Cord (Thailand) Company Limited ("Xingda Thailand"), a wholly-owned-subsidiary of the Company and incorporated and operated in Thailand, has been delayed than original transfer timeline and not achieved budgeted sales plan set for the year. The management of the Group concluded there is such indication and conducted impairment assessment on carrying amounts of property, plant and equipment of this subsidiary, being a separate cash-generating unit.

The recoverable amount of cash-generating unit has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by the management of the Group covering the following 5 years with a pre-tax discount rate of 15.2% as at 31 December 2023.

Key assumptions for the value in use calculation are the budgeted sales and cost of sales, which consist of estimated unit price/cost and sales quantities, and are determined based on the cash-generating unit and a group entity with similar customer base's past performance and management expectations for the market development. The cash flows beyond a 5-year period are extrapolated using 2% growth rate, with reference to Thailand long-term average growth rate.

Based on the result of the assessment, management of the Group determined that the recoverable amount of the cash-generating unit is lower than the carrying amount by RMB91,623,000. The impairment amount has been allocated to the long-term assets held by the subsidiary incorporated in Thailand such that the carrying amount of each category of asset is not reduced below the highest of its fair value less cost of disposal, its value in use and zero. Based on the value in use calculation and the allocation, impairment loss of RMB91,623,000 has been recognised against property, plant and equipment held by this subsidiary. As at 31 December 2023, the carrying amount of property, plant and equipment located in Thailand is RMB983,046,000 after taking into account such impairment loss.

13. TRADE, BILLS AND OTHER RECEIVABLES

	31/12/2023	31/12/2022
	RMB'000	*RMB'000*
Trade receivables - goods	**4,203,571**	3,194,017
Less: Allowance for credit losses	**(68,942)**	(55,828)
	4,134,629	3,138,189
Bills receivable	**3,395,046**	4,350,647
Less: Allowance for credit losses	**(1,950)**	(1,950)
	3,393,096	4,348,697
	7,527,725	7,486,886
Advances to suppliers of raw materials	**379,121**	522,456
Prepayments for spool	**26,003**	23,145
Value-added tax recoverable	**67,147**	88,451
Other prepayments	**10,469**	12,728
Other receivables	**22,894**	19,313
Less: allowance for credit losses on other receivables	**(5,262)**	(5,262)
	500,372	660,831
	8,028,097	8,147,717

As at 1 January 2022, trade receivables from contracts with customers and bills receivable, net of allowance for credit losses, amounted to RMB3,046,471,000 and RMB4,579,259,000 respectively.

The Group has a policy of allowing an average credit period of 30 to 90 days to its trade customers and the Group allows domestic customers to pay bills or letter of credit to settle the trade receivables. Bills receivable and letter of credit received by the Group are with a maturity period of less than one year.

The following is an aged analysis of trade and bills receivables, net of allowance for credit losses, presented based on the invoice date at the end of the reporting period which approximated the revenue recognition date:

	31/12/2023	31/12/2022
	RMB'000	*RMB'000*
Trade receivables		
0 - 90 days	**2,671,355**	2,218,549
91 - 120 days	**384,243**	333,150
121 - 180 days	**370,143**	321,402
181 - 360 days	**581,747**	261,400
Over 360 days	**127,141**	3,688
	4,134,629	3,138,189
Bills receivable		
0 - 90 days	**482,928**	278,447
91 - 180 days	**1,556,873**	1,313,346
181 - 360 days	**1,334,207**	2,292,295
Over 360 days	**19,088**	464,609
	3,393,096	4,348,697

14. TRADE AND OTHER PAYABLES

	31/12/2023	31/12/2022
	RMB'000	*RMB'000*
Trade payables	**2,870,066**	3,472,657
Trade payables under supplier finance arrangements (note i)	**615,000**	360,000
	3,485,066	3,832,657
Value-added tax payables and other tax payables	**35,772**	7,523
Accrued staff costs	**253,386**	300,446
Payables for purchase of property, plant and equipment	**1,033,570**	1,058,382
Amount due to a related party (note ii)	**8,018**	—
Accrued interest expenses	**10,326**	6,184
Accrued expenses	**142,158**	55,087
Others	**46,987**	25,657
	1,530,217	1,453,279
	5,015,283	5,285,936

Notes:

i. There relate to trade payables in which the Group has been offered by main suppliers to settle purchase of goods with bills payable. Before bills payable expired, the Group continues to recognise these obligations to suppliers as the relevant banks are obliged to make payments only on due dates of the bills, under the same conditions as agreed with the suppliers without further extension. In the consolidated statement of cash flows, settlements of these bills are included within operating cash flows based on the nature of the arrangements.

ii. The related party representing Xingda Xiu Yuan, which is a limited company controlled by a director of the Company and also a non-controlling interest of the Group.

The following is an aged analysis of trade payable and trade payables under supplier finance arrangements presented based on the transaction date at the end of the reporting period:

	31/12/2023	31/12/2022
	RMB'000	*RMB'000*
Trade payables		
0 - 90 days	**1,753,699**	650,047
91 - 180 days	**522,374**	1,170,817
181 - 360 days	**373,815**	1,544,298
Over 360 days	**220,178**	107,495
	2,870,066	3,472,657
Trade payables under supplier finance arrangements		
0 - 90 days	**187,202**	310,000
91 - 180 days	**427,798**	—
181 - 360 days	—	50,000
	615,000	360,000

The average credit period on purchase of goods is 90 days which may be extended to 120 days or 180 days based on negotiation with the suppliers.

The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

15. SHARE CAPITAL

	Number of shares		Share capital	
	2023	2022	**2023**	2022
	'000	*'000*	***RMB'000***	*RMB'000*
Authorised:				
3 billion ordinary shares of HK$0.1 each	**3,000,000**	3,000,000	**301,410**	301,410
Issued and fully paid:				
At 1 January and 31 December	**1,662,445**	1,662,445	**163,218**	163,218

Neither the Company nor any of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the years ended 31 December 2023 and 2022.

16. EVENTS AFTER THE REPORTING PERIOD

On 8 February 2024, an aggregate of 257,680,000 subscription shares of the Company (of an aggregate nominal value of HK$25,768,000) have been issued at subscription price of HK$1.31 per subscription share to the subscribers, representing (i) approximately 15.50% of the issued share capital of the Company immediately before the subscription; and (ii) approximately 13.42% of the issued share capital of the Company as enlarged by the allotment and issuance of the subscription shares immediately upon the subscription.

The gross proceeds from the Subscriptions amounted to approximately HK$337.6 million.

MANAGEMENT DISCUSSION AND ANALYSIS

Xingda International Holdings Limited (the “Company”) and its subsidiaries (collectively the “Group” or “Xingda”) are pleased to present the audited consolidated annual results of the Group for the year ended 31 December 2023.

For the twelve months ended 31 December 2023, the Group recorded revenue of RMB11,490.5 million, representing a year-on-year increase of 6.3% (2022: RMB10,812.0 million). Gross profit dropped by 3.2% year-on-year to RMB2,200.5 million (2022: RMB2,273.5 million) and gross profit margin fell by 1.8 percentage points against the same period last year to 19.2% (2022: 21.0%). Profit attributable to owners of the Company increased by 29.0% year-on-year to RMB449.4 million (2022: RMB348.4 million). Basic earnings per share were RMB27.07 cents (2022: RMB20.99 cents). The Board recommend the payment of final dividend of HK13.0 cents per share (equivalent to approximately RMB11.8 cents) for the 12 months ended 31 December 2023.

INDUSTRY OVERVIEW

In 2023, China’s economy fully recovered and stabilized. According to data from the National Bureau of Statistics, China's gross domestic product (GDP) grew by 5.2% year-on-year in 2023, achieving major expected targets. As the domestic economy reached new heights, national freight logistics also saw improvements in quality and efficiency, with continuous increases in traffic flow on highways, steady recovery in truck traffic, and strong rebound in passenger car traffic.

In terms of policy, seven Chinese government agencies, including the Ministry of Industry and Information Technology (MIIT), jointly issued the Work Plan for Stable Growth of the Automobile Industry (2023-2024) in the second half of 2023. The plan proposes to support the expansion of new energy vehicle consumption and stabilize fuel vehicle consumption, thereby promoting stable growth of the automobile industry and supporting stable and healthy operation of the industrial economy.

According to the latest data from the China Association of Automobile Manufacturers (CAAM), China's automobile production and sales reached 30.161 million and 30.094 million respectively in 2023, hitting record highs with year-on-year increases of 11.6% and 12.0% respectively, driving demand for radial tire cords. Additionally, according to statistics from the Ministry of Public Security, as of the end of December 2023, the number of automobiles in service in China reached 336 million, providing sustained support for the replacement market of radial tires in the long run.

In 2023, with the global automotive industry chain recovering and export-driven growth, China's tire industry saw a comprehensive recovery in operating conditions. Against the backdrop of growing demand and falling prices of raw materials and shipping fees, the tire industry witnessed booming production and sales, benefiting the overseas business of radial tire cords.

BUSINESS REVIEW

In 2023, with the rise of domestic demand while demand in overseas markets maintained steady growth, the industry of radial tire cord remained stable. Being to give full play to its advantages as an industry leader, Xingda maintained overall stable business growth. During the year, the Group recorded total sales volume of 1,306,100 tonnes, up by 23.8% year-on-year, and that of radial tire cords boosted by 24.9% year-on-year to 1,043,000 tonnes, accounting for 79.9% of the Group's total sales volume (2022: 79.2%). Sales volume of bead wires increased by 21.6% to 155,300 tonnes, accounting for 11.9% of the Group's total sales volume (2022: 12.1%). As for hose wires and other wires, their total sales volume increased by 16.9% to 107,800 tonnes, making up 8.2% of the Group's total sales volume (2022: 8.7%).

During the year, sales volume of the Group's radial tire cords for trucks increased 25.0% year-on-year to 587,700 tonnes, mainly due to the economic and logistic activities in China getting back to normal gradually, plus the increase in tire production and demand in the country year-on year. Moreover, as the rebound of domestic market demand on radial tires for passenger cars boosted the sales volume of the Group's radial tire cords for passenger cars during the year, the Group's sales volume of radial tire cords for passenger cars saw an increase of 24.9% to 455,300 tonnes. The sales volume of radial tire cords for trucks and passenger cars accounted for 56.3% and 43.7%, respectively, of the total sales volume of radial tire cords during the year.

Sales Volume

	2023 *Tonnes*	2022 *Tonnes*	Change
Radial tire cords	**1,043,000**	834,800	+24.9%
- For trucks	***587,700***	*470,300*	*+25.0%*
- For passenger cars	***455,300***	*364,500*	*+24.9%*
Bead wires	**155,300**	127,700	+21.6%
Hose wires and other wires	**107,800**	92,200	+16.9%
Total	**1,306,100**	1,054,700	+23.8%

In the China market, sales volume of the Group’s radial tire cords increased by 32.1% to 759,700 tonnes in 2023 (2022: 575,300 tonnes), mainly due to the improved market demand of radial tires as a result of more frequent domestic economic activities and better GDP. During the year, overseas market demand remained strong. Sales volume of radial tire cords increased by 9.2% to 283,300 tonnes (2022: 259,500 tonnes), mainly due to continuous growth in demand from overseas tire manufacturers. Domestic and overseas markets accounted for 72.8% and 27.2% of the Group’s total sales volume, respectively (2022: 68.9% and 31.1%).

As at 31 December 2023, the Group’s annual production capacity of radial tire cords increased to 1,074,000 tonnes, with the annual production capacity of the Jiangsu, Shandong and Thailand factories reaching 802,000 tonnes, 197,000 tonnes and 75,000 tonnes, respectively. The annual production capacity of bead wires dropped to 161,000 tonnes. The annual production capacity of hose wires and other wires increased to 114,000 tonnes. During the year, the overall capacity utilization rate of the Group’s plants was increased to 96.3% (2022: 84.7%) due to the recovery of the domestic radial tires market and growing demand for radial tire cords.

	2023 Production Capacity (Tonnes)	**2023 Utilization Rate**	2022 Production Capacity (Tonnes)	2022 Utilization Rate
Radial tire cords	**1,074,000**	**96.3%**	972,100	86.1%
Bead wires	**161,000**	**96.8%**	169,700	74.4%
Hose wires and other wires	**114,000**	**95.1%**	103,800	88.6%
Overall	**1,349,000**	**96.3%**	1,245,600	84.7%

To bolster production capacity and enlarge its business footprint, the Group has continued to devote resources to enhance product research and development, reform product technology and provide customized radial tire cords to customers for meeting their needs. In 2023, Xingda developed 37 new radial tire cords and 23 new bead wires and other wires.

FINANCIAL REVIEW

Revenue

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

RMB in million

	2023	**Proportion**	2022	Proportion	Change
Radial tire cords	**9,880.8**	**86.0%**	9,265.4	85.7%	+6.6%
- For trucks	***5,574.8***	***48.5%***	*5,209.4*	*48.2%*	*+7.0%*
- For passenger cars	***4,306.0***	***37.5%***	*4,056.0*	*37.5%*	*+6.2%*
Bead wires	**861.1**	**7.5%**	833.6	7.7%	+3.3%
Hose wires and other wires	**748.6**	**6.5%**	713.0	6.6%	+5.0%
Total	**11,490.5**	**100.0%**	10,812.0	100.0%	+6.3%

During the year, the Group's revenue increased by RMB678.5 million or 6.3% year-on-year to RMB11,490.5 million (2022: RMB10,812.0 million), mainly due to the increase in demand and sales volume in both domestic and overseas market.

Gross profit and gross profit margin

The Group's gross profit decreased by RMB73.0 million or 3.2% to RMB2,200.5 million (2022: RMB2,273.5 million), with gross profit margin at 19.2% (2022: 21.0%), representing a year-on year decrease of 1.8 percentage points. Both gross profit and gross profit margin declined mainly due to the impairment loss on property, plant and equipment of RMB91.6 million being included in cost of sales in 2023.

Other income

Other income decreased by RMB68.8 million or 32.2% to RMB145.0 million (2022: RMB213.8 million), mainly due to the decrease in bank interest income from fixed bank deposits and bank balances and the lack of income from sales of other materials during the year.

Government grants

During the year, government grants decreased by RMB8.6 million or 37.9% to RMB14.1 million (2022: RMB22.7 million), mainly due to a decrease in subsidies from the local government in China.

Other gains and losses, net

Other gains and losses, net decreased by RMB84.9 million or 55.7% from net gain of RMB152.3 million in 2022 to net gain of RMB67.4 million in 2023. It was mainly due to a decrease in net foreign exchange gain recorded during the year.

Recognition of impairment losses under expected credit loss model

Recognition of impairment losses under expected credit loss model increased by RMB23.5 million or 940.0% to RMB26.0 million in 2023 (2022: RMB2.5 million). It was mainly attributable to an increase in default rates which were used in expected credit loss model in 2023.

Other expense

Other expense decreased by RMB26.0 million or 76.9% to RMB7.8 million (2022: RMB33.8 million), mainly due to the fact that no cost of sales of other materials was recorded in 2023.

Distribution and selling expenses

Distribution and selling expenses decreased by RMB264.6 million or 24.9% to RMB796.4 million (2022: RMB1,061.0 million), mainly due to lower transportation costs under decreasing shipment fees on a year-on-year basis.

Administrative expenses

Administrative expenses increased by RMB4.8 million or 1.1% to RMB457.0 million (2022: RMB452.2 million), mainly due to an increase in consultancy and professional fees recorded in 2023.

Research and development expenditure

Research and development expenditure increased by RMB1.5 million or 0.9% to RMB170.7 million (2022: RMB169.2 million), mainly because the Group contributed overall more resources to the research and development of new products in the whole year of 2023.

Finance costs

If the finance costs including the interests capitalised in the cost of qualifying assets, they would have been increased by RMB9.5 million or 3.9% to RMB251.6 million (2022: RMB242.1 million). The increase was mainly due to the rise of average balance of bank borrowings on a year-on-year basis.

Income tax expense

The Group's income tax expense decreased by RMB88.0 million or 47.2% to RMB98.4 million (2022: RMB186.4 million), with an effective tax rate of 13.4% (2022: 25.0%). Part of the deductible expenses in year 2022 were deferred to year 2023 for recognition and offsetting against the current tax and the deferred tax credit in year 2023 was also increased. Accordingly, the effective tax rate was dropped on a year-on-year basis.

Net profit

Taking the above factors into account, the Group's net profit for the year increased by RMB79.2 million or 14.2% to RMB637.4 million (2022: RMB558.2 million).

LIQUIDITY, CAPITAL RESOURCES AND CAPITAL STRUCTURE

During the year, there were no significant changes in the Group's funding and treasury policies. The principal source of liquidity and capital resources was the cash flow generated from operating activities, whereas the principal usages of cash were for the acquisition of property, plant and equipment and payment of dividends and income tax.

Bank balances and cash of the Group decreased by RMB254.1 million or 30.8% from RMB824.9 million as at 31 December 2022 to RMB570.8 million as at 31 December 2023. The decrease was mainly due the cash used in investing activities of RMB941.9 million and financing activities of RMB956.8 million respectively, exceeding the cash that has been generated from operating activities of RMB1,633.4 million and the increase in cash under the effect of foreign exchange rate changes of RMB11.2 million.

Borrowings decreased by RMB261.7 million or 3.8% to RMB6,630.1 million as at 31 December 2023 from RMB6,891.8 million as at 31 December 2022. The bank borrowings carry interest at fixed rates from 1.35% to 3.90% (31 December 2022: 1.35% to 4.05%) and variable rates from 2.90% to 7.73% (31 December 2022: 3.40% to 7.22%). Borrowings of RMB6,120.3 million are repayable within one year from 31 December 2023 and the remaining borrowings of RMB509.8 million are repayable after one year from 31 December 2023.

As at 31 December 2023, the Group's current assets decreased by RMB56.2 million or 0.5% to RMB11,587.8 million (31 December 2022: RMB11,644.0 million). Current liabilities decreased by RMB56.0 million or 0.5% to RMB11,568.2 million (31 December 2022: RMB11,624.2 million). The Group's current ratio (being defined as current assets over current liabilities) maintained at 1.0 time (31 December 2022: 1.0 time). The gearing ratio (being defined as total borrowings to total assets) as at 31 December 2023 was 32.0% (31 December 2022: 32.8%).

FOREIGN EXCHANGE RISK

The Group's sales and purchases were principally denominated in RMB, US dollars, Euros and Thai Baht.

Apart from certain bank and debtors' balances in US dollars, Euros, Hong Kong dollars and Thai baht, most of the current assets and current liabilities of the Group were denominated in Renminbi. Therefore, the Group was not exposed to significant foreign exchange risk. The Group did not enter into any financial derivative instruments to hedge against foreign exchange currency risk during the period under review. However, the Group is closely monitoring the impact of change in value of the Renminbi on its operations and may consider appropriate hedging solutions, if required.

CAPITAL EXPENDITURE

For the year ended 31 December 2023, capital expenditure for property, plant and equipment amounted to RMB1,098.4 million (2022: RMB1,633.0 million).

CAPITAL COMMITMENTS

As at 31 December 2023, the Group had made a capital commitment of approximately RMB228.7 million (31 December 2022: RMB272.4 million) for acquisition of property, plant and equipment and freehold land contracted for but not provided in the condensed consolidated financial statements. The Group did not make any capital commitment for acquisition of property, plant and equipment and freehold land authorised but not contracted as at 31 December 2023 and 31 December 2022. The capital commitment is expected to be met by the internal resources of the Group and borrowings.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 December 2023 and 31 December 2022.

PLEDGE OF ASSETS

As at 31 December 2023, bank borrowings were secured by term deposits, leasehold lands and bills receivable of the Group amounting to RMB885.2 million, RMB195.7 million and RMB174.0 million, respectively (31 December 2022: secured by term deposits, leasehold lands and bills receivable amounting to RMB1,978.6 million, RMB199.9 million and RMB163.4 million, respectively).

SIGNIFICANT INVESTMENTS

Pursuant to the placing letter signed by the Company on 2 October 2018, the Company has agreed to subscribe for 11,993,000 shares of Prinx Chengshan Holdings Limited (formerly known as Prinx Chengshan (Cayman) Holding Limited) ("Prinx Chengshan", stock code: 1809.HK), whose shares are listed on the Main Board of the Stock Exchange, at HK$5.89 per share in cash under the initial public offering. The total subscription money, after expenses, amounted to approximately HK$71.4 million. The shares held by Xingda accounted for 1.9% of the entire issued shares of Prinx Chengshan as at 31 December 2023 and 31 December 2022 respectively. Prinx Chengshan is a modern enterprise focusing on the research and development, manufacturing, sales of tires and the provision of tire full-life-cycle services, and a leading domestic manufacturer in the PRC's commercial all steel radial tire replacement market. The above mentioned investment still exists and a gain on change in fair value of FVTPL of RMB4.3 million was recorded during the year ended 31 December 2023 (2022: loss of RMB6.2 million). For the year ended 31 December 2023, the dividend income received net of withholding tax from Prinx Chengshan was RMB2.0 million (2022: RMB1.9 million).

The fair value of the investment in Prinx Chengshan as at 31 December 2023 was RMB69.4 million (31 December 2022: RMB65.1 million). The above mentioned investment accounted for 0.3% and 0.3% of the total assets value of the Group as at 31 December 2023 and 31 December 2022 respectively.

Save as disclosed above, the Group had no other significant investments as at 31 December 2023 and 31 December 2022 respectively.

MATERIAL EVENTS

Discloseable transaction – Formation of Joint Venture Company

As disclosed by the announcement of the Group on 27 September 2023, 江蘇興達鋼簾線股份有限公司 (Jiangsu Xingda Steel Tyre Cord Co., Ltd.*) ("Jiangsu Xingda"), an indirect non-wholly owned subsidiary of the Group, and 華勤橡膠工業集團有限公司 (Huaqin Rubber Industry Group Co., Ltd*) ("Huaqin Rubber") entered into an investment agreement dated 27 September 2023 (the "Investment Agreement") in respect of, among others, the formation of a joint venture company (the "Joint Venture Company"), the non-cash contributions towards the registered capital of the Joint Venture Company and operation and management of the affairs of the Joint Venture Company. The Joint Venture Company will be principally engaged in the manufacture of steel cords in relation to radial tire framework materials. Pursuant to the Investment Agreement, the total investment amount towards the Joint Venture Company was RMB600 million, 60% of which was agreed to be contributed by Jiangsu Xingda through provision of production equipment and 40% of which was agreed to be contributed by Huaqin Rubber through provision of land and factory. The production scale is estimated to be 50,000 tonnes of steel cords. As one or more of the applicable percentage ratios in respect of the Investment Agreement exceeds 5% and all of the percentage ratios are less than 25%, the entering into of the Investment Agreement constitutes a discloseable transaction of the Company and are subject to the notification and announcement requirements under Chapter 14 of the Listing Rules. For details, please refer to the announcement of the Group dated 27 September 2023.

Save as disclosed herein, the Group had no material acquisitions and disposals in relation to its subsidiaries, associates and joint ventures for the year ended 31 December 2023 and 31 December 2022 respectively.

HUMAN RESOURCES

As at 31 December 2023, the Group had approximately 8,700 full time employees (31 December 2022: approximately 7,400). Total staff costs including directors' remuneration for the year ended 31 December 2023 was RMB1,085.2 million (2022: RMB905.8 million). Salaries are 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 programs for staff to enhance their technical and product knowledge as well as awareness of industry quality standards.

In addition to salaries and bonuses, the Group also provides various benefits to employees through the Labor Union of Jiangsu Xingda ("Xingda Labor Union"). Each year, major operating subsidiaries including Jiangsu Xingda, 山東興達鋼簾線有限公司 (Shandong Xingda Steel Tyre Cord Co., Ltd.*) ("Shandong Xingda") and Taizhou Xingda Specialized Wires Co., Ltd. ("Taizhou Xingda") contribute 2% of the total salary of staff ("Union Fee") to support operation of the Xingda Labor Union. The Union Fee, together with other funds obtained by the Xingda Labor 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 2023, the amount of Union Fees contributed by the Labour Union of Jiangsu Xingda, Shandong Xingda and Taizhou Xingda was RMB19.1 million (2022: RMB20.3 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 China are covered by the contributory pension scheme managed by the government 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 medical, personal accident and unemployment insurance policies for its employees.

In 2009, the Board adopted a share award scheme to retain elite employees and encourage them to achieve performance goals by aligning their interests to the shareholders through share ownerships. Shares are to 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 them.

In 2010, 5,000,000 shares of the Company (the "First Batch Shares") were purchased by the trustee on the public market. In 2011, another 5,000,000 shares of the Company (the "Second Batch Shares") were purchased by the trustee on the public market. In 2013, 10,481,000 shares of the Company 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 classified as the Third Batch Shares (the "Third Batch Shares"). In 2014, 4,519,000 shares of the Company were purchased by the trustee on the public market and were added to the Third Batch Shares. In 2016, 7,282,000 shares of the Company were purchased by the trustee on the public market (the "Fourth Batch Shares"). In 2017, 601,011 scrip shares allotted under the scrip dividend scheme of the Company as dividend derived from the shares held upon the trust in relation to the share award scheme were added to the Fourth Batch Shares. In 2018, 506,266 scrip shares allotted under the scrip dividend scheme of the Company as dividend derived from the shares held upon the trust in relation to the share award scheme were added to the Fourth Batch Shares. In 2019, 418,899 scrip shares allotted under the scrip dividend scheme of the Company as dividend derived from the shares held upon the trust in relation to the share award scheme were added to the Fourth Batch Shares. Meanwhile, 4,900,000 shares of the Company were purchased by the trustee on the public market, of which 1,075,824 shares were added to the Fourth Batch Shares and the remaining 3,824,176 shares as the Fifth Batch Shares (the "Fifth Batch Shares"). In 2020, 732,018 scrip shares allotted under the scrip dividend scheme of the Company as dividend derived from the shares held upon the trust in relation to the share award scheme were added to the Fifth Batch Shares. In 2021, 665,471 scrip shares allotted under the scrip dividend scheme of the Company as dividend derived from the shares held upon the trust in relation to the share award scheme were added to the Fifth Batch Shares. For the year ended 31 December 2021, 102,000 Fourth Batch Shares were unvested and added to the Fifth Batch Shares. As at 31 December 2023, the balance of the Fifth Batch Shares were 2,139,665 shares.

As at 31 December 2023, all the First Batch Shares, the Second Batch Shares, the Third Batch Shares, the Fourth Batch Shares and one-third of the Fifth Batch Shares have been vested with selected employees. The remaining 2,139,665 Fifth Batch Shares are expected to be vested with selected employees in 2024.

PROSPECTS

The Central Economic Work Conference held in December 2023 pointed out that the basic trend of the domestic economy's recovery and improvement remains unchanged in the long run. It emphasized the need to adhere to the general principle of seeking progress while ensuring stability in 2024, coordinate the expansion of domestic demand with the deepening of supply-side structural reforms, and promote high-quality development. The Group continues to hold an optimistic view on the development of the radial tire cord industry in the context of active domestic economy, rapid rise in logistics demand, and increased financing support for major projects. Additionally, the National People's Congress and the Chinese People's Political Consultative Conference were convened in Beijing in March 2024. New energy vehicles have become a focus of the sessions, with various provincial governments mentioning the new energy vehicle industry in their work plans, including expanding the industrial chain and stimulating consumption, which is conducive to promoting further industry development.

According to data from CAAM, China's production and sales of new energy vehicles reached 9.587 million and 9.495 million respectively in 2023, with year-on-year increases of 35.8% and 37.9% respectively, and a market share of 31.6%, up by 5.9 percentage points from the same period in 2022. It is believed that the rapid development of new energy vehicles will bring new opportunities for radial tire cords. Meanwhile, the demand in overseas market remains strong, and the decline in raw material and freight rates also facilitates substantial growth in overseas markets.

Looking ahead, Xingda will closely monitor national policies and global economic developments, adjust global strategic deployment in a timely manner, and adhere to the development principle of seeking progress while maintaining stability. It strives to improve product quality and R&D innovation capability, enhance product competitiveness, promote deep integration of industrialization and information technology to fully explore the potential of the domestic market, and actively expand markets in Europe, America, India, and Southeast Asia. As a leading enterprise in radial tire cords, Xingda will continue to lead the industry's development in 2024, provide consumers and the market with higher-end quality products, and help accelerate industrial transformation and upgrading in the rubber industry.

DIVIDEND

The Board has recommended the payment of a final dividend of 13.0 HK cents (approximately RMB11.8 cents) per share for the financial year ended 31 December 2023. Subject to the approval by the shareholders of the Company at the forthcoming annual general meeting, the proposed final dividend will be paid on Friday, 26 July 2024 to the shareholders whose names appear on the register of members of the Company at the close of business on Thursday, 6 June 2024.

ANNUAL GENERAL MEETING

An annual general meeting of the Company will be held on Wednesday, 29 May 2024, 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 Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 24 May 2024 to Wednesday, 29 May 2024, both days inclusive, during which period no transfer of shares will be registered. In order to be entitled to attend and vote at the forthcoming annual general meeting to be held on Wednesday, 29 May 2024, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 23 May 2024.

The proposed final dividend for the year ended 31 December 2023 is subject to the approval by the shareholders of the Company at the forthcoming annual general meeting to be held on Wednesday, 29 May 2024. The register of members of the Company will be closed from Wednesday, 5 June 2024 to Thursday, 6 June 2024, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for receiving the final dividend, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 4 June 2024.

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 2023.

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 C1 of the Listing Rules throughout the year ended 31 December 2023, except for the following:-

Code provision C.2.1 provides, among other things, 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.

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 C3 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 2023.

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 inside information.

REVIEW OF FINANCIAL STATEMENTS

The Audit Committee and the management of the Company have reviewed the accounting principles and practices adopted by the Group, discussed auditing and financial reporting matters and have reviewed the audited annual results of the Group for the year ended 31 December 2023. In addition, the consolidated financial statements of the Group for the year ended 31 December 2023 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 profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary 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 as approved by the Board on 25 March 2024. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary 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 of the Company for the year ended 31 December 2023 will be dispatched to the shareholders and made 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 2024.

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

Shanghai, the PRC, 25 March 2024

As at the date of this announcement, the executive Directors are Mr. LIU Jinlan, Mr. LIU Xiang, Mr. ZHANG Yuxiao, Mr. HANG Youming, Mr. WANG Jin and Ms. WANG Yu, the independent non-executive Directors are Mr. KOO Fook Sun, Louis, Mr. LUO Tiejun and Ms. XU Chunhua.