



STRATEGIC FINANCIAL RELATIONS (CHINA) LIMITED
縱橫財經公關顧問(中國)有限公司

[For Immediate Release]



XINGDA INTERNATIONAL HOLDINGS LIMITED
興達國際控股有限公司

XINGDA 2020 INTERIM PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY REACHES TO RMB104 MILLION

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PROMPT RESUMPTION OF BUSINESS PRODUCTION SINCE COVID-19 ENSURES STABLE PERFORMANCE OF RADIAL TIRE CORD BUSINESS

(Hong Kong, 21 August 2020) – **Xingda International Holdings Limited** (“Xingda” or “the Group”) (Stock Code: 1899.HK), one of the leading global manufacturers of radial tire cords, today announced its unaudited interim results for the six months ended 30 June 2020.

For the six months ended 30 June 2020, the Group’s revenue amounted to RMB3,181.3 million, gross profit was RMB592.6 million and gross profit margin was 18.6%. The Group’s profit attributable to owners of the Company fell to RMB103.8 million. Basic earnings per share was RMB6.82 fen.

Mr. Liu Jinlan, Chairman of Xingda, said, “In the first half of 2020, the outbreak of COVID-19 subsequently spread around the world. All businesses and factories across China suspended operations at the beginning of the year in an effort to fight the pandemic. Correspondingly, all commercial activities were halted temporarily. Impacted by the unstable market conditions and COVID-19, the global economy was inevitably affected. Under such circumstance, the Chinese government responded promptly, launching a series of economic stimulus measures, as well as supportive policies of which included the reduction and exemption of taxes and tariffs and the development of new infrastructure. With these measures in place, the country’s economy successfully recovered and achieved a growth in the second quarter of 2020. Consequently, the radial tire cord industry managed to maintain stable development. With COVID-19 under control in mainland China, the Group resumed operations during mid to late February, after halting production for around four to five weeks at the beginning of the year. Thus, the Group’s operating activities, such as manufacturing and sales, returned to normal. During the period, by leveraging its competitive advantages as leader and industry guardian, Xingda quickly resumed operation and production activities, and was able to maintain stable business performance after the resumption of production.”

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According to data from China Rubber Industry Association, the 38 key member units of its tire division recorded total domestic radial tire output of approximately 197 million in the first half of 2020, representing a year-on-year decrease of 9.9%. As for the radialization rate, it remained stable at 94.3%. The decline of radial tire output was mainly due to the temporary production suspension of the tire manufacturers in China in certain times of February resulting from COVID-19.

The Group adhered to its operating philosophy of vigilance while preserving its financial strengths. With its competitive advantages as an industry leader and supported by its healthy financial structure and high-quality products, the Group strived to achieve a steady business performance despite the effect from pandemic. In the first half of 2020, the Group recorded total sales volume of 366,100 tonnes, down 9.5% year-on-year. Sales volume of radial tire cords decreased by 13.5% year-on-year to 292,600 tonnes, and accounted for 79.9% of the Group's total sales volume (first half of 2019: 83.6%). Sales volume of bead wire and other wire increased by 10.7% to 73,500 tonnes, and accounted for 20.1% of the Group's total sales volume (first half of 2019: 16.4%).

During the period, since the Group's total production volume was affected by the temporary operation shut down in February 2020, the Group recorded a drop in sales volume of radial tire cords for both trucks and passenger cars. Sales volume of radial tire cords for trucks declined by 14.1% year-on-year to 186,100 tonnes. Sales volume of radial tire cords for passenger cars fell by 12.4% to 106,500 tonnes. Sales volume of radial tire cords for trucks and passenger cars accounted for 63.6% and 36.4% of total sales volume of the Group's radial tire cords respectively during the period (first half of 2019: 64.0% and 36.0%).

During the period, the sales volume of the Group's radial tire cords in China declined by 5.1% to 236,400 tonnes (first half of 2019: 249,100 tonnes). Around March 2020, COVID-19 pandemic started to affect the world. Under the circumstances, the production schedule and raw materials procurement plan of overseas tire manufacturers were deferred. As a result, sales of radial tire cords in the overseas markets decreased by 36.9% year-on-year to 56,200 tonnes during the period (2019: 89,100 tonnes). Sales volume in the domestic and overseas markets constituted 80.8% and 19.2%, respectively, of the Group's total sales volume of radial tire cords (first half of 2019: 73.6% and 26.4%).

As at 30 June 20, the Group's annual production capacity of radial tire cords increased modestly to 743,000 tonnes, with the Jiangsu and Shandong factories accounting for up to 628,500 tonnes and 103,500 tonnes respectively. In addition, the Group's factory in Thailand has commenced trial production and the annual production capacity of radial tire cords was 11,000 tonnes by the end of the first half of 2020, allowing the Group to diversify geopolitical risks amid trade disputes. For bead wires and other wires, annual production capacity increased to 189,000 tonnes. The Group's overall capacity utilization rate dropped to 79.2% (first half of 2019: 90.2%).

The epidemic in China had been brought under control steadily since March 2020. GDP recorded 3.2% growth year-on-year in the second quarter, which indicated that the economy had stabilized and was back on course to growth. The recovery will therefore create favorable conditions for local infrastructure and logistics activities in the second half of the year, which in turn will benefit the development of the tire and radial tire industries.

Mr. Liu concluded, “The Group will continue to closely monitor the pandemic’s development and alleviate its negative impact on the Group’s operating results and financial position. It will also adjust its strategies based on prevailing market conditions so as to sustain the Group’s stable growth. Operating in an unfavorable environment, the Group will push ahead with achieving an international operation layout, place high importance on product quality and develop advanced products in order to maintain a healthy financial structure and create long-term satisfactory returns for the Group and its shareholders.”

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About Xingda International Holdings Limited

The Group is primarily engaged in the manufacturing and distribution of backbone material of radial tire including radial tire cord that support the tire wall and bead wire that connect the tire to the wheel-rim. Boasting unique production technologies, strong R&D capabilities and stringent quality control, Xingda has established solid foothold in China and is one of the largest manufacturers of radial tire cord in China. The Group’s customers include China’s top 10 radial tire manufacturers and global renowned tire manufacturers. Xingda’s headquarters and main production base are located in Jiangsu Province of China with a total gross floor area of around 567,000 sq. m.

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