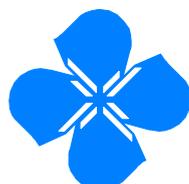


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XINGDA

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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)

**(1) ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021**

AND

**(2) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND
ADOPTION OF AMENDED AND RESTATED ARTICLES OF ASSOCIATION**

FINANCIAL HIGHLIGHTS			
	2021	2020	Change
	<i>RMB in million</i>	<i>RMB in million</i>	
Revenue	10,645.3	7,679.9	+38.6%
Gross profit margin	19.4%	19.9%	-0.5pp
EBITDA (note)	1,192.8	980.5	+21.6%
Profit attributable to owners of the Company	218.9	115.0	+90.3%
Earnings per share – basic (RMB cents)	13.46	7.39	+82.1%
diluted (RMB cents)	13.37	7.35	+81.9%
Gearing ratio	28.0%	22.9%	+5.1pp
Proposed final dividend/ final dividend per share (HK cents)	15.0	15.0	-
Dividend payout ratio	93.2%	176.4%	-83.2pp

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 2021 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 2021

	<i>NOTES</i>	Year ended 31/12/2021 RMB'000	Year ended 31/12/2020 RMB'000
Revenue	4	10,645,310	7,679,907
Cost of sales		(8,580,412)	(6,151,399)
Gross profit		2,064,898	1,528,508
Other income	5	189,785	159,225
Government grants		20,567	18,400
Distribution and selling expenses		(999,339)	(564,742)
Administrative expenses		(463,447)	(563,280)
Other gains and losses, net	6	(83,718)	(51,576)
Impairment losses under expected credit loss model, net of reversal		(7,507)	7,351
Research and development expenditure		(138,801)	(108,485)
Finance costs	7	(163,437)	(80,961)
Profit before tax		419,001	344,440
Income tax expense	8	(112,036)	(168,992)
Profit for the year	9	306,965	175,448
<i>Other comprehensive expense</i> <i>Item that can be reclassified subsequently to profit or loss:</i>			
Exchange difference arising on translation of foreign operations		(84,732)	(49,203)
Total comprehensive income for the year		222,233	126,245

	<i>NOTE</i>	Year ended 31/12/2021 RMB'000	Year ended 31/12/2020 RMB'000
Profit for the year attributable to:			
Owners of the Company		218,855	114,996
Non-controlling interests		88,110	60,452
		<hr/> 306,965 <hr/>	<hr/> 175,448 <hr/>
Total comprehensive income for the year attributable to:			
Owners of the Company		159,251	68,628
Non-controlling interests		62,982	57,617
		<hr/> 222,233 <hr/>	<hr/> 126,245 <hr/>
Earnings per share			
Basic (RMB cents)	11	<hr/> 13.46 <hr/>	<hr/> 7.39 <hr/>
Diluted (RMB cents)		<hr/> 13.37 <hr/>	<hr/> 7.35 <hr/>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021**

	<i>NOTES</i>	31/12/2021 <i>RMB'000</i>	31/12/2020 <i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		5,729,026	4,543,522
Right-of-use assets		627,204	401,119
Freehold land		64,105	73,061
Investment properties		121,740	121,740
Term deposits		803,228	2,525,942
Deferred tax assets		114,480	72,698
Prepayments		20,963	23,963
		7,480,746	7,762,045
CURRENT ASSETS			
Inventories		1,355,395	773,681
Financial assets at fair value through profit or loss		149,516	84,384
Trade, bills and other receivables	12	8,173,246	6,157,711
Term deposits		1,930,941	5,011
Bank balances and cash		712,365	911,965
		12,321,463	7,932,752
CURRENT LIABILITIES			
Trade, bills and other payables	13	5,777,411	3,748,887
Contract liabilities		44,847	38,480
Amount due to a related company		—	3,415
Tax liabilities		30,015	77,284
Dividend payable to non-controlling interests		263,377	328,976
Borrowings - due within one year		4,789,478	2,903,181
Bank overdrafts		—	21,000
Lease liabilities		595	572
Obligations arising from repurchase of shares		248,962	—
		11,154,685	7,121,795
NET CURRENT ASSETS		1,166,778	810,957
TOTAL ASSETS LESS CURRENT LIABILITIES		8,647,524	8,573,002
NON-CURRENT LIABILITIES			
Deferred tax liabilities		49,274	42,128
Borrowings - due after one year		760,000	670,000
Deferred income		226,713	48,805
Lease liabilities		899	1,494
Obligations arising from repurchase of shares		—	231,533
		1,036,886	993,960
NET ASSETS		7,610,638	7,579,042

	31/12/2021 <i>RMB'000</i>	31/12/2020 <i>RMB'000</i>
CAPITAL AND RESERVES		
Share capital	163,218	158,603
Share premium and other reserves	5,536,632	5,499,008
	<hr/>	<hr/>
Equity attributable to owners of the Company	5,699,850	5,657,611
Non-controlling interests	1,910,788	1,921,431
	<hr/>	<hr/>
TOTAL EQUITY	7,610,638	7,579,042
	<hr/> <hr/>	<hr/> <hr/>

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

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.

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

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board ("IASB") for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

Amendment to IFRS 16	Covid-19-Related Rent Concessions
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform - Phase 2

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee (the "Committee") of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as "estimated costs necessary to make the sale" when determining the net realisable value of inventories.

Except as described below, the application of the 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 IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2

The Group has applied the amendments for the first time in the current year. The amendments relate to changes in the basis for determining the contractual cash flows of financial assets, financial liabilities and lease liabilities as a result of interest rate benchmark reform, specific hedge accounting requirements and the related disclosure requirements applying IFRS 7 Financial Instruments: Disclosures ("IFRS 7").

The amendments have had no impact on the consolidated financial statements as none of the relevant contracts has been transitioned to the relevant replacement rates during the year. The Group will apply the practical expedient in relation to the changes in contractual cash flows resulting from the interest rate benchmark reform for borrowings measured at amortised cost.

Impacts on application of the agenda decision of the Committee – Cost necessary to sell inventories (IAS 2 Inventories)

In June 2021, the Committee, through its agenda decision, clarified the costs an entity should include as "estimated costs necessary to make the sale" when determining the net realisable value of inventories. In particular, whether such costs should be limited to those that are incremental to the sale. The Committee concluded that the estimated costs necessary to make the sale should not be limited to those that are incremental but should also include costs that an entity must incur to sell its inventories including those that are not incremental to a particular sale.

The Group's accounting policy prior to the Committee's agenda decision was to determine the net realisable value of inventories taking into consideration incremental costs only. Upon application of the Committee's agenda decision, the Group changed its accounting policy to determine the net realisable value of inventories taking into consideration both incremental costs and other cost necessary to sell inventories. The new accounting policy has been applied retrospectively.

The application of the Committee's agenda decision has had no material impact on the Group's financial positions and performance.

New and 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:

IFRS 17	Insurance Contracts and the related Amendments ¹
Amendments to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 ³
Amendments to IFRS 3	Reference to the Conceptual Framework ²
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to IAS 1	Classification of Liabilities as Current or Non-current ¹
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to IAS 8	Definition of Accounting Estimates ¹
Amendments to IAS 12	Deferred tax related to Assets and Liabilities arising from a Single Transaction ¹
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use ²
Amendments to IAS 37	Onerous Contracts - Cost of Fulfilling a Contract ²
Amendments to IFRS Standards	Annual Improvements to IFRS Standards 2018 - 2020 ²

¹ Effective for annual periods beginning on or after 1 January 2023

² Effective for annual periods beginning on or after 1 January 2022

³ Effective for annual periods beginning on or after 1 April 2021

⁴ Effective for annual periods beginning on or after a date to be determined

The directors of the Company anticipate that the application of all new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

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").

The consolidated financial statements have been prepared on the historical cost basis, except for certain properties and financial instruments that are measured at fair values at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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	Year ended
	31/12/2021	31/12/2020
	RMB'000	RMB'000
Sale of products		
Radial tire cords		
- For trucks	5,494,653	4,192,949
- For passenger cars	3,524,852	2,434,003
Bead wires and other wires	1,625,805	1,052,955
	<hr/>	<hr/>
Total	10,645,310	7,679,907
	<hr/> <hr/>	<hr/> <hr/>
Timing of revenue recognition		
A point in time	10,645,310	7,679,907
	<hr/> <hr/>	<hr/> <hr/>

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

Sale of radial tire cords, bead wires and other wires (revenue recognised at one point in time).

The Group sells radial tire cords and wires to external customers in which the revenue is recognised 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.

(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 set out as below:

	31/12/2021	31/12/2020
	<i>RMB'000</i>	<i>RMB'000</i>
The PRC	5,511,157	4,175,926
Thailand	1,051,881	987,479
	6,563,038	5,163,405

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	Year ended
	31/12/2021	31/12/2020
	<i>RMB'000</i>	<i>RMB'000</i>
The PRC (country of domicile)	7,714,006	5,950,769
India	526,271	255,644
United States of America	249,786	162,552
Thailand	532,025	316,048
Korea	209,676	109,774
Brazil	168,184	111,756
Others	1,245,362	773,364
	10,645,310	7,679,907

"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 2021 and 2020.

5. OTHER INCOME

	Year ended 31/12/2021 RMB'000	Year ended 31/12/2020 RMB'000
Sales of scrap materials	54,776	42,625
Interest income earned on bank balances and bank deposits	106,072	95,164
Rental income from investment properties	4,901	3,556
Service income	3,335	3,184
Sundry income	20,701	14,696
	<u>189,785</u>	<u>159,225</u>

6. OTHER GAINS AND LOSSES, NET

	Year ended 31/12/2021 RMB'000	Year ended 31/12/2020 RMB'000
Loss from change in fair value of investment properties	—	(1,900)
Loss on disposal of property, plant and equipment	(11,845)	(10,271)
Dividend income from financial assets at FVTPL	4,339	2,177
Loss on change in fair value of financial assets at FVTPL	(14,228)	(289)
Net foreign exchange loss	(61,984)	(41,293)
	<u>(83,718)</u>	<u>(51,576)</u>

7. FINANCE COSTS

	Year ended 31/12/2021 RMB'000	Year ended 31/12/2020 RMB'000
Interests on:		
Bank loans and other borrowings	146,216	98,396
Bills receivable discounted	1,450	2,729
Lease liabilities	79	151
Imputed interest on obligations arising from repurchase of shares	17,429	1,533
	<u>165,174</u>	<u>102,809</u>
Less: amount capitalised in the cost of qualifying assets	(1,737)	(21,848)
	<u>163,437</u>	<u>80,961</u>

Borrowing costs capitalised during the year arose on a specific borrowing with interest rate of 4.85% (2020: on the general borrowing pool and are calculated by applying a capitalisation rate of 3.30%) per annum to expenditure on qualifying assets.

8. INCOME TAX EXPENSE

	Year ended 31/12/2021 <i>RMB'000</i>	Year ended 31/12/2020 <i>RMB'000</i>
Current tax	129,016	158,885
Overprovision in prior years	(3,294)	(3,166)
Withholding tax paid	20,950	35,533
Deferred tax	(34,636)	(22,260)
	<hr/> 112,036 <hr/>	<hr/> 168,992 <hr/>

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 for certain PRC subsidiaries is 25% from 1 January 2008 onwards 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, the status of High-tech Enterprise is to be effective for the years 2021, 2022 and 2023. As a result, the tax rate of 15% is used to calculate the amount of current tax for the year ended 31 December 2021 (2020: 15%).

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 the Group's subsidiary in Thailand has no assessable profit for both years.

9. PROFIT FOR THE YEAR

	Year ended 31/12/2021 RMB'000	Year ended 31/12/2020 RMB'000
Profit for the year has been arrived at after charging (crediting):		
Staff cost, including directors' remuneration		
Salaries, wages and other benefits (note)	821,022	719,948
Retirement benefits scheme contributions	83,394	51,734
Share-based payments	4,632	277,067
	<hr/>	<hr/>
Total staff costs	909,048	1,048,749
Less: capitalised in inventories	(575,417)	(449,009)
Less: included in research and development expenditure	(32,178)	(35,297)
	<hr/>	<hr/>
	301,453	564,443
	<hr/>	<hr/>
Auditor's remuneration	2,544	2,031
Cost of inventories recognised as an expense	8,580,412	6,130,682
Depreciation and amortisation		
- Property, plant and equipment	595,211	545,308
- Right-of-use assets	15,127	9,811
	<hr/>	<hr/>
Total depreciation and amortisation	610,338	555,119
Less: capitalised in inventories	(460,718)	(446,031)
Less: included in research and development expenditure	(12,085)	(5,971)
	<hr/>	<hr/>
	137,535	103,117
	<hr/>	<hr/>
Gross rental income from investment properties	(4,901)	(4,992)
Less: direct operating expenses incurred for investment properties that generated rental income during the year	781	1,436
	<hr/>	<hr/>
Rental income from investment properties, net	(4,120)	(3,556)
	<hr/>	<hr/>
Short-term lease expenses	351	569
	<hr/>	<hr/>

Note: The amount included staff housing benefits expenses of RMB1,400,000 (2020: RMB24,160,000) arising from transfer of staff quarters previously accounted in property, plant and equipment to certain employees.

10. DIVIDEND

	Year ended 31/12/2021 RMB'000	Year ended 31/12/2020 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 2020 – 15.0 HK cents per share (2020: final dividend paid in respect of the year ended 31 December 2019 – 15.0 HK cents per share)	202,861	204,823
	<hr/> <hr/>	<hr/> <hr/>
Final dividend proposed, 15.0 HK cents (financial year ended 31 December 2020: 15.0 HK cents) per share	203,882	202,861
	<hr/> <hr/>	<hr/> <hr/>

During the current year, a final dividend of 15.0 HK cents (2020: 15.0 HK cents) per ordinary share in an aggregate amount of RMB202,861,000 (2020: RMB204,823,000) with scrip alternatives in respect of the year ended 31 December 2020 (2020: 31 December 2019) was approved at the annual general meeting of the Company held on 8 June 2021 (2020: 17 June 2020).

These scrip alternatives were accepted by certain ordinary shareholders, as follows:

	Year ended 31/12/2021 RMB'000	Year ended 31/12/2020 RMB'000
Dividends:		
Cash	121,644	105,127
Ordinary share alternative	81,217	99,696
	<hr/> <hr/>	<hr/> <hr/>
	202,861	204,823

Subsequent to the end of the reporting period, a final dividend for the year ended 31 December 2021 of 15.0 HK cents (2020: 15.0 HK cents) per ordinary share in an aggregate amount of RMB203,882,000 (2020: RMB202,861,000) 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 31/12/2021	Year ended 31/12/2020
	RMB'000	RMB'000
<u>Profit for the year attributable to owners of the Company</u>		
Earnings for the purpose of basic and diluted earnings per share	218,855	114,996
	Year ended 31/12/2021	Year ended 31/12/2020
	'000	'000
<u>Number of shares</u>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,626,009	1,555,857
Effect of dilutive potential ordinary shares in respect of outstanding share awards	10,532	9,578
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,636,541	1,565,435

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

12. TRADE, BILLS AND OTHER RECEIVABLES

The Group has a policy of allowing an average credit period of 120 days to its trade customers. The following is an aged analysis of trade receivables net of allowance for credit losses presented based on the invoice date at the end of the reporting period which approximated the respective revenue recognition dates.

	31/12/2021	31/12/2020
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivable		
0 - 90 days	2,418,187	1,842,046
91 - 120 days	257,567	231,928
121 - 180 days	176,649	195,082
181 - 360 days	176,893	90,272
Over 360 days	17,175	203
	3,046,471	2,359,531
	3,046,471	2,359,531
Bills receivable		
0 - 90 days	493,510	482,520
91 - 180 days	1,527,692	1,416,727
181 - 360 days	2,234,464	1,610,423
Over 360 days	323,593	93,502
	4,579,259	3,603,172
	4,579,259	3,603,172

13. TRADE, BILLS AND OTHER PAYABLES

The following is an aged analysis of trade and bills payable presented based on the transaction date at the end of the reporting period:

	31/12/2021	31/12/2020
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payable		
0 - 90 days	1,868,108	943,324
91 - 180 days	1,104,223	295,487
181 - 360 days	690,845	365,943
Over 360 days	82,110	101,985
	3,745,286	1,706,739
	3,745,286	1,706,739
Bills payable		
0 - 90 days	100,000	499,768
91 - 180 days	270,047	400,232
181 - 360 days	139,953	—
	510,000	900,000
	510,000	900,000

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.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

According to data from the China Rubber Industry Association, China's tire output in 2021 increased by approximately 10% to approximately 697 million units, of which radial tires output increased by 10% year-on-year to approximately 657 million units. The tire radialization rate remained at 94% (2020: approximately 94%). During the year, the output of radial tires for trucks was approximately 140 million units, an increase of 1% year-on-year and the output of radial tires for passenger cars was approximately 517 million units, an increase of 13% year-on-year.

In 2021, boosted by rising export demand and the country's development of an economy stressing internal circulation, China's GDP grew by 8.1% to approximately RMB114.4 trillion, making it one of best performing economies in the world amid the pandemic. In addition, after China's car parc surpassed that of the US and ranked first in the world at the end of 2020, statistics from the Ministry of Public Security of the PRC reveal that, in the year under review, China's car parc further increased by around 7.5% year-on-year to 302 million, a record high. The stable growth of China's economy and increase in car parc have supported the demand in the domestic tire replacement market.

BUSINESS REVIEW

In 2021, the Chinese economy overall continued to recover, driving the demand for radial tire cords in the domestic market. The demand in the first half of the year was particularly strong, and this, coupled with the steady increase in demand in overseas markets, drove the growth of the Group's business. In 2021, the Group recorded total sales volume of 1,077,600 tonnes, an increase of 22.1% year-on-year. The sales volume of radial tire cords increased by 20.4% year-on-year to 851,400 tonnes, accounting for 79.0% of the Group's total sales volume (2020: 80.1%). The sales volume of bead wires rose 24.1% to 130,400 tonnes, accounting for 12.1% of the Group's total sales volume (2020: 11.9%). The sales volume of hose wires and other wires climbed by 36.7% to 95,800 tonnes, accounting for 8.9% of the Group's total sales volume (2020: 7.9%).

In terms of market segments, the further resumption of economic activities in China has driven the sales volume of radial tire cords for trucks up 15.5% year-on-year to 504,600 tonnes, and the sales volume of radial tire cords for passenger cars increased by 28.3% year-on-year to 346,800 tonnes.

Sales Volume

	2021	2020	Change
	Tonnes	Tonnes	
Radial tire cords	851,400	707,000	+20.4%
- For trucks	504,600	436,800	+15.5%
- For passenger cars	346,800	270,200	+28.3%
Bead wires	130,400	105,100	+24.1%
Hose wires and other wires	95,800	70,100	+36.7%
Total	1,077,600	882,200	+22.1%

In China market, the sales volume of the Group's radial tire cords increased by 9.7% to 607,000 tonnes in 2021 (2020: 553,100 tonnes). This was mainly attributable to the robust demand for the Group's products in China, particularly in the first half of the year, which even led to supply shortages. Although the sales volume of the Group's radial tire cords dropped slightly in the second half of the year under the slow down of domestic GDP growth and the temporary electricity curtailment policy implemented in certain provinces in China, the growth in annual sales volume still remained strong. During the year under review, the growth in overseas demand was relatively stable and the sales volume of the Group's radial tire cords increased by approximately 58.8% to 244,400 tonnes in 2021 (2020: 153,900 tonnes), mainly due to the resumption of normal production levels of overseas tire manufacturers in the whole year of 2021 and the need to restock radial tires subsequent to temporary shutdown of production facilities in 2020. During the year, the sales volumes in domestic and overseas markets constituted 71.3% and 28.7%, respectively, of the Group's total sales volume of radial tire cords (2020: 78.2% and 21.8%).

To address the strong demand for radial tire cords from the market, the Group enhanced the production capacity of its Jiangsu and Shandong factories by upgrading technologies and increasing production lines in 2021. As a result, the production capacity of the Jiangsu factory increased by 14.4% to 738,000 tonnes, and the production capacity of the Shandong factory increased by 29.7% to 144,000 tonnes. The annual production capacity of Xingda's plant in Thailand also increased by 42.9% to 60,000 tonnes. As at 31 December 2021, the Group's annual production capacity of radial tire cords increased by 18.0% year-on-year to 942,000 tonnes. The annual production capacity of bead wires, hose wires and other wires also rose to 166,500 tonnes and 98,500 tonnes, respectively. The overall capacity utilization rate of the Group's plants in 2021 was 92.2% (2020: 87.6%).

	2021	2021	2020	2020
	Production	Utilization	Production	Utilization
	Capacity	Rate	Capacity	Rate
	(Tonnes)		(Tonnes)	
Radial tire cords	942,000	93.5%	798,000	87.2%
Bead wires	166,500	80.1%	112,500	92.1%
Hose wires and other wires	98,500	98.7%	82,100	85.7%
Overall	1,207,000	92.2%	992,600	87.6%

Product technology reform is the key to production capacity improvement and business presence expansion. In a bid to meet different customer needs, the Group has devoted resources to enhance product research and development and offer customized radial tire cords to customers. It provided a wide range of products, including 424 types of radial tire cords and 185 types of bead wires, hose wires and other wires as at the end of 2021.

FINANCIAL REVIEW

Revenue

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

RMB in million

	2021	Proportion	2020	Proportion	Change
Radial tire cords	9,019.5	84.7%	6,626.9	86.3%	+36.1%
- For trucks	5,494.6	51.6%	4,192.9	54.6%	+31.0%
- For passenger cars	3,524.9	33.1%	2,434.0	31.7%	+44.8%
Bead wires	869.7	8.2%	569.9	7.4%	+52.6%
Hose wires and other wires	756.1	7.1%	483.1	6.3%	+56.5%
Total	10,645.3	100.0%	7,679.9	100.0%	+38.6%

During the year under review, the Group's revenue increased by 38.6% year-on-year to RMB10,645.3 million (2020: RMB7,679.9 million), mainly due to the growth in total sales volumes and the increased average selling prices of the Group's products.

Gross profit and gross profit margin

The Group's gross profit increased by RMB536.4 million or 35.1% year-on-year to RMB2,064.9 million (2020: RMB1,528.5 million). This was mainly due to the increase in both sales volume and average selling prices of the Group's products. The gross profit margin dropped by 0.5 percent point to 19.4% (2020: 19.9%). The decrease in gross profit margin was mainly due to the uptrend of raw material prices in year 2021 with a time lag in passing through the extra costs to the customers.

Other income

Other income increased by RMB30.6 million or 19.2% to RMB189.8 million (2020: RMB159.2 million), mainly due to the increase in sales income of scrap materials and increase in bank interest income which was derived from placing fixed bank deposits and bank balances.

Government grants

During the review period, government grants increased by RMB2.2 million or 12.0% to RMB20.6 million (2020: RMB18.4 million), due to an increase in subsidies from the local government in China.

Distribution and selling expenses

Distribution and selling expenses increased by RMB434.6 million or 77.0% to RMB999.3 million (2020: RMB564.7 million), mainly due to the higher transportation and storage costs under higher export sales volume and inflated shipment fees.

Administrative expenses

Administrative expenses decreased by RMB99.9 million or 17.7% to RMB463.4 million (2020: RMB563.3 million), mainly due to the share-based payment of 江蘇興達鋼簾線股份有限公司 (Jiangsu Xingda Steel Tyre Cord Co. Ltd.)* (“Jiangsu Xingda”) of RMB141.1 million in 2020, which was the cost of rewarding the management of Jiangsu Xingda, whereas there were no such expenses for the year ended 31 December 2021. The decrement in administrative expenses was partially offset by an increase in salaries and pension provision since there was a special incentive and relief on pension contributions provided to the Group in 2020 under the COVID-19 pandemic.

Other gain and losses, net

Other gains and losses, net increased by RMB32.1 million or 62.2% from net loss of RMB51.6 million in 2020 to net loss of RMB83.7 million in 2021. It was mainly due to an increase in net foreign exchange loss and an increase in loss on change in fair value of financial assets at fair value through profit or loss.

Impairment losses under expected credit loss model, net of reversal

Impairment losses under expected credit loss model, net of reversal changed from reversal of an impairment loss of RMB7.4 million in 2020 to an impairment loss of RMB7.5 million in 2021, with decrease by RMB14.9 million or 201.4% . It was mainly attributable to an increase in an accumulated loss recognised on trade receivables under impairment assessment by reference to expected credit loss model in 2021.

Research and development expenditure

Research and development expenses increased by RMB30.3 million or 27.9% to RMB138.8 million (2020: RMB108.5 million), mainly due to the Group’s ongoing effort on allocating more resources to boost production technique advancement, to enhance products diversity and to reduce emission.

Finance costs

Finance costs increased by RMB62.4 million or 60.7% to RMB165.2 million (2020: RMB102.8 million) if the amount capitalised in the cost of qualifying assets of RMB1.8 million in 2021 (2020: RMB21.8 million) was excluded. The increase was mainly due to the rise of average balance of bank borrowings.

Income tax expense

The Group's income tax expense decreased by RMB57.0 million or 33.7% to RMB112.0 million (2020: RMB169.0 million), and with an effective tax rate of 26.7% (2020: 49.1%). If the Jiangsu Xingda's share-based payment of RMB270.9 million in 2020 was excluded, the effective tax rate would become 26.7% (2020: 27.5%).

Net profit

Taking the above factors into account, the Group's net profit for the year ended 31 December 2021 increased by RMB131.6 million or 75.0% to RMB307.0 million (2020: RMB175.4 million). If the Jiangsu Xingda's share-based payment of RMB270.9 million was excluded, the adjusted net profit of the Group for the year ended 31 December 2020 would be RMB446.3 million. The Group's net profit for the year ended 31 December 2021 decreased by RMB139.3 million or 31.2% to RMB307.0 million.

Reconciliation of report profit and underlying profit

	Year ended 31/12/2021 RMB'000	Year ended 31/12/2020 RMB'000
Profit for the year	306,965	175,448
Share-based payment of Jiangsu Xingda	—	270,848
	<hr/>	<hr/>
Underlying profit for the year	306,965	446,296
	<hr/>	<hr/>
Underlying profit for the year attributable to:		
Owners of the Company	218,855	313,067
Non-controlling interests	88,110	133,229
	<hr/>	<hr/>
	306,965	446,296
	<hr/>	<hr/>

LIQUIDITY, CAPITAL RESOURCES AND CAPITAL STRUCTURE

During the year under review, there was no significant change in the Group's funding and treasury policy. The principal source of liquidity and capital resources was the cash flow generated from financing activities whereas the principal uses of cash were for the acquisition of property, plant and equipment and right-of-use assets and payment of income tax.

Cash and cash equivalents including bank deposits and bank overdrafts of the Group decreased by RMB178.6 million or 20.0% from RMB891.0 million as at 31 December 2020 to RMB712.4 million as at 31 December 2021. The decrease was mainly due to the cash that has been used in investment activities of RMB1,686.3 million and operating activities of RMB94.5 million and the decrease in cash under the effect of foreign exchange rate changes of RMB16.3 million exceeding the cash generated from financing activities of RMB1,618.5 million.

The total of borrowings and bank overdrafts increased by RMB1,955.3 million or 54.4% to RMB5,549.5 million as at 31 December 2021 from RMB3,594.2 million as at 31 December 2020. The bank borrowings carry interest at fixed rates from 0.60% to 4.85% (2020: 2.70% to 4.79%) and variable rate at 2.30% (2020: 2.40%). Borrowings of RMB4,789.5 million are repayable within one year from 31 December 2021 and the remaining borrowings of RMB760.0 million are repayable after one year from 31 December 2021.

As at 31 December 2021, the Group's current assets increased by RMB4,388.7 million or 55.3% to RMB12,321.5 million (31 December 2020: RMB7,932.8 million). Current liabilities increased by RMB4,032.9 million or 56.6% to RMB11,154.7 million (31 December 2020: RMB7,121.8 million). The Group's current ratio (being defined as current assets over current liabilities) decreased to 1.10 times (31 December 2020: 1.11 times). The decrease was mainly caused by the increase in trade, bills and other payables and borrowings - due within one year included in the current liabilities. The gearing ratio (being defined as total debts to total assets) as at 31 December 2021 was 28.0% (31 December 2020: 22.9%).

FOREIGN EXCHANGE RISK

The Group's sales and purchases were principally denominated in Renminbi, US dollars and Euros. Part of the sales proceeds in US dollars and Euros have been used to purchase imported raw materials in the same currencies. Therefore, the effect upon fluctuation of Renminbi exchange rate on the Group's business performance in 2021 has been lessened.

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 Renminbi on its operations and may consider appropriate hedging solutions, if required.

CAPITAL EXPENDITURE

For the year ended 31 December 2021, capital expenditure for property, plant and equipment amounted to RMB1,944.6 million (2020: RMB638.9 million). The capital expenditure for property, plant and equipment was met by the internal resources of the Group and borrowings..

CAPITAL COMMITMENTS

As at 31 December 2021, the Group had made a capital commitment of approximately RMB360.0 million (31 December 2020: RMB594.8 million) for acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements. The Group did not make any capital commitment for acquisition of property, plant and equipment authorised but not contracted as at 31 December 2021 and 31 December 2020. 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 2021 and 31 December 2020.

PLEDGE OF ASSETS

As at 31 December 2021, the Group's bank borrowings are secured by pledged term deposits, leasehold lands and bills receivables.

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: 01809), 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% (2020: 1.9%) of the total issued shares of Prinx Chengshan as at 31 December 2021. 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 loss on change in fair value of financial assets at fair value through profit or loss of RMB13.1 million was recorded during the year ended 31 December 2021 (2020: loss of RMB0.3 million). For the year ended 31 December 2021, the dividend income received from Prinx Chengshan was RMB1.9 million (2020: RMB2.2 million).

The fair value of the investment in Prinx Chengshan as at 31 December 2021 was RMB71.3 million (2020: RMB84.4 million). The above mentioned investment accounted for 0.4% and 0.5% of the total assets value of the Group as at 31 December 2021 and 31 December 2020 respectively.

On 4 March 2021, an agreement was entered into between Jiangsu Xingda, an indirect non-wholly owned subsidiary of the Company, and Guizhou Tyre Co., Ltd. (“Guizhou Tyre”) for the subscription by Jiangsu Xingda of 15,873,015 new A shares issued by Guizhou Tyre at RMB6.30 per share in cash under a non-public offer. The subscription monies of approximately RMB100.0 million were satisfied by internal resources of the Group. For details, please refer to the announcement of the Company dated 4 March 2021.

In December 2021, 3,152,615 Guizhou Tyre shares were disposed and the remaining 12,720,400 shares held by Xingda accounted for 1.5% of the entire issued shares of Guizhou Tyre as at 31 December 2021. Guizhou Tyre is a joint stock limited company incorporated in the PRC principally engaged in the design, research and development, manufacture and sale of tires. The issued A shares of Guizhou Tyre are listed on the Shenzhen Stock Exchange (stock code: 000589). The above mentioned investment still exists and a loss on change in fair value of financial assets at fair value through loss of RMB1.1 million was recorded during the year ended 31 December 2021 (2020: nil). For the year ended 31 December 2021, the dividend income received from Guizhou Tyre was RMB2.4 million (2020: nil).

The fair value of the investment in Guizhou Tyre as at 31 December 2021 was RMB78.2 million (31 December 2020: nil). The above mentioned investment accounted for 0.4% and nil of the total assets value of the Group as at 31 December 2021 and 31 December 2020 respectively.

Save as disclosed above, the Group had no other significant investments for the years ended 31 December 2021 and 2020 respectively.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Company had no material acquisitions and disposals in relation to its subsidiaries, associates and joint ventures during the year ended 31 December 2021.

HUMAN RESOURCES

As at 31 December 2021, the Group had approximately 7,800 full time employees (31 December 2020: approximately 7,100). Total staff costs including directors' remuneration for the year ended 31 December 2021 was RMB909.0 million (2020: RMB1,048.7 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, Jiangsu Xingda, 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 2021, the amount of Union Fees contributed by the Labour Union of Jiangsu Xingda, Shandong Xingda and Taizhou Xingda was RMB14.9 million (2020: RMB13.2 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. On 30 July 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 2021, the balance of the Fifth Batch Shares was 5,323,665 shares.

As at 31 December 2021, all the First Batch Shares, the Second Batch Shares, the Third Batch Shares and the Fourth Batch Shares have been vested with selected employees. The 5,323,665 Fifth Batch Shares are expected to be vested with selected employees in a three-year period from 2022 to 2024.

PROSPECTS

COVID-19 variants have continued to spread around the world in early 2022. Nevertheless, with countries accelerating their booster vaccination rollouts and launching various new drugs for the treatment of COVID-19 in 2022, economic activities are expected to further increase, driving demand for radial tire cords. Although World Health Organization experts are hopeful that the pandemic may subside in 2022, the tight supply of automotive chips, interest rate hikes and pressure from rising raw material costs and freight rates have created uncertainty for the pace of economic recovery at home and abroad. Overall, the Group remains cautiously optimistic about short-term industry prospects.

The Chinese government will focus on realizing stability, sustaining progressive growth and achieving its "Six Stability" and "Six Security" goals in 2022. In addition to implementing a proactive fiscal policy and healthy monetary policy, the government will also strive to optimize the supply structure with investment. It will also strengthen organic economic development drivers to promote continuous economic growth with the help of investment policies and consumption policies alongside measures to expand domestic demand and allocate funds. The market also expects that the car parc in China will maintain stable growth during the "14th Five-Year Plan" period and global demand for automotive tire strengthening materials will grow moderately in the coming few years, all supporting the mid- to long-term development of the radial tire cord industry.

Xingda will closely monitor the development of the pandemic and implement strategies to complement national policies. It will also invest resources to improve production capacity and product quality, develop high-end products and strengthen the flexible deployment of its factories in various regions so as to seize future business opportunities. The Group aims to realize its advantages as an industry leader to improve management and operational efficiency, and thus targeting to ensure stable business development in 2022.

DIVIDEND

The Board has recommended the payment of a final dividend of 15.0 HK cents (approximately RMB12.3 cents) per share for the financial year ended 31 December 2021. Subject to the approval by the shareholders of the Company at the forthcoming annual general meeting, the proposed final dividend will be paid on Monday, 11 July 2022 to the shareholders whose names appear on the register of members of the Company on Monday, 20 June 2022.

ANNUAL GENERAL MEETING

An annual general meeting of the Company will be held on Thursday, 9 June 2022, notice of which will be published and dispatched to the shareholders as soon as practicable in accordance with the Company's articles of association and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 3 June 2022 to Thursday, 9 June 2022, 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 Thursday, 9 June 2022, 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, 2 June 2022.

The proposed final dividend for the year ended 31 December 2021 is subject to the approval by the shareholders of the Company at the forthcoming annual general meeting to be held on Thursday, 9 June 2022. The register of members of the Company will be closed from Thursday, 16 June 2022 to Monday, 20 June 2022, 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 Wednesday, 15 June 2022.

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 2021.

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 Corporate Governance Code contained in Appendix 14 of the Listing Rules throughout the year ended 31 December 2021, except for the following:-

Code provision A.2.1 (which has been re-arranged as code provision C.2.1 since 1 January 2022) 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 10 of the Listing Rules as the code of conduct regarding Directors’ securities transactions. After having made specific enquiry with all Directors, the Company has received confirmations from all Directors that they have complied with the required standards set out in the Model Code during the year ended 31 December 2021.

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 2021. In addition, the consolidated financial statements of the Group for the year ended 31 December 2021 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 2021 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. 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 2021 will be dispatched to the shareholders and made available on the above websites in due course.

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND ADOPTION OF AMENDED AND RESTATED ARTICLES OF ASSOCIATION

The Board proposes to amend the existing articles of association (“Articles of Association”) of the Company (the “Proposed Amendments”) and to adopt the amended and restated articles of association of the Company (“Amended and Restated Articles of Association”) in substitution for, and to the exclusion of, the Articles of Association in order to, among other things, bring the Articles of Association in line with the amended Appendix 3 to the Listing Rules which came into effect on 1 January 2022 and the applicable laws of the Cayman Islands.

The Proposed Amendments and the adoption of the Amended and Restated Articles of Association are subject to the approval of the shareholders of the Company by way of a special resolution at the forthcoming annual general meeting, and will become effective upon the approval by the shareholders at the annual general meeting of the Company.

A circular of the annual general meeting containing, among other matters, details of the Proposed Amendments and adoption of the Amended and Restated Articles of Association, together with a notice of the annual general meeting and the related proxy form, will be despatched to the shareholders of the Company 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 2022.

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

Shanghai, the PRC, 30 March 2022

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