



INTERIM REPORT  
**2024**



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

(incorporated in the Cayman Islands with limited liability)  
(Stock Code : 1899)

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Mr. LIU Jinlan (*Chairman*)  
Mr. LIU Xiang  
Mr. HANG Youming (appointed on 15 January 2024)  
Ms. WANG Yu (appointed on 15 January 2024)  
Mr. WANG Jin (appointed on 15 January 2024)  
Mr. ZHANG Yuxiao (resigned on 28 May 2024)

### Independent Non-executive Directors

Mr. KOO Fook Sun, Louis  
Ms. XU Chunhua  
Ms. ZHANG Guoyun (appointed on 6 September 2024)  
Mr. LUO Tiejun (resigned on 3 April 2024)

## AUDIT COMMITTEE

Mr. KOO Fook Sun, Louis (*Chairman*)  
Ms. XU Chunhua  
Ms. ZHANG Guoyun (appointed on 6 September 2024)  
Mr. LUO Tiejun (ceased to be a member on 3 April 2024)

## REMUNERATION AND MANAGEMENT DEVELOPMENT COMMITTEE

Mr. KOO Fook Sun, Louis (*Chairman*)  
Ms. ZHANG Guoyun (appointed on 6 September 2024)  
Mr. LUO Tiejun (ceased to be a member on 3 April 2024)

## NOMINATION COMMITTEE

Mr. LIU Jinlan (*Chairman*)  
Mr. KOO Fook Sun, Louis  
Ms. XU Chunhua

## COMPANY SECRETARY

Mr. CHENG Kam Ho, *CPA*

## AUTHORISED REPRESENTATIVES

Mr. WANG Jin (appointed on 3 June 2024)  
Mr. CHENG Kam Ho  
Mr. ZHANG Yuxiao (resigned on 28 May 2024)

## LEGAL ADVISORS

*As to Hong Kong Law:*  
Patrick Mak & Tse  
Solicitors

## AUDITORS

Deloitte Touche Tohmatsu  
Registered Public Interest Entity Auditors

## INVESTOR RELATIONS

Ever Bloom (HK) Communications Consultants Group Limited  
10/F., 80 Gloucester Road  
Wan Chai  
Hong Kong

## REGISTERED OFFICE

Cricket Square  
Hutchins Drive, P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

## HEAD OFFICE

6th Floor, No. 20, Lane 599  
Yunling Road (East)  
Putuo District  
Shanghai 200062  
China

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit S03, 7/F, Low block  
Grand Millennium Plaza  
181 Queen's Road Central  
Central, Hong Kong

## PRINCIPAL BANKERS

Agricultural Bank of China  
China Construction Bank  
Bank of China (Hong Kong) Limited  
The Hong Kong and Shanghai Banking Corporation Limited

## SHARE REGISTRARS AND TRANSFER OFFICES

Principal:  
Suntera (Cayman) Limited  
Suite 3204, Unit 2A, Block 3,  
Building D, P.O. Box 1586,  
Gardenia Court, Camana Bay,  
Grand Cayman, KY1-1100,  
Cayman Islands

Hong Kong Branch:  
Boardroom Share Registrars (HK) Limited  
31/F., 148 Electric Road  
North Point  
Hong Kong

## STOCK CODE

01899

## WEBSITE

[www.irasia.com/listco/hk/xingda/index.htm](http://www.irasia.com/listco/hk/xingda/index.htm)

# FINANCIAL HIGHLIGHTS

	Six months ended 30 June		Change
	2024	2023	
	<i>RMB in million</i>	<i>RMB in million</i>	
<b>OPERATING RESULTS</b>			
Revenue	<b>6,165.7</b>	5,418.1	+13.8%
Gross profit	<b>1,208.7</b>	1,027.3	+17.7%
EBITDA <sup>(1)</sup>	<b>871.3</b>	811.9	+7.3%
Profit for the period	<b>283.3</b>	295.5	-4.1%
Profit attributable to owners of the Company	<b>192.2</b>	192.0	+0.1%
Earnings per share – basic (RMB cents)	<b>10.31</b>	11.57	-10.9%
Earnings per share – diluted (RMB cents)	<b>10.24</b>	11.48	-10.8%

	30.6.2024	31.12.2023	Change
	<i>RMB in million</i>	<i>RMB in million</i>	

## FINANCIAL POSITION

Total assets	<b>22,310.2</b>	20,719.9	+7.7%
Total liabilities	<b>13,773.3</b>	12,421.0	+10.9%
Net assets	<b>8,536.9</b>	8,298.9	+2.9%
Equity attributable to owners of the Company	<b>6,359.1</b>	6,104.9	+4.2%

	Six months ended 30 June	
	2024	2023
<b>KEY RATIOS</b>		
Gross profit margin <sup>(2)</sup>	<b>19.6%</b>	19.0%
EBITDA margin <sup>(3)</sup>	<b>14.1%</b>	15.0%
Return on equity <sup>(4)</sup>	<b>3.0%</b>	3.3%

	30.6.2024	31.12.2023
Current ratio <sup>(5)</sup>	<b>1.0</b>	1.0
Gearing ratio <sup>(6)</sup>	<b>32.6%</b>	32.0%
Net debts to equity ratio <sup>(7)</sup>	<b>97.0%</b>	99.3%

### Notes:

- (1) It is arrived at profit for the period before finance costs, income tax expense, depreciation and amortization
- (2) Gross profit divided by revenue.
- (3) EBITDA divided by revenue.
- (4) Profit for the period attributable to owners of the Company divided by equity attributable to owners of the Company.
- (5) Current assets divided by current liabilities.
- (6) Total debts (borrowings) divided by total assets.
- (7) Total debts (borrowings) less cash and bank balances divided by equity attributable to owners of the Company.

## MANAGEMENT DISCUSSION AND ANALYSIS

Xingda International Holdings Limited (the “Company”) and its subsidiaries (collectively the “Group” or “Xingda”) are pleased to present the unaudited interim results of the Group for the six months ended 30 June 2024 (the “review period”).

For the six months ended 30 June 2024, the Group recorded revenue of RMB6,165.7 million, representing a year-on-year increase of 13.8% (first half of 2023: RMB5,418.1 million). Gross profit increased by 17.7% year-on-year to RMB1,208.7 million (first half of 2023: RMB1,027.3 million) and gross profit margin grew by 0.6 percentage point compared to the same period last year to 19.6% (first half of 2023: 19.0%). Profit attributable to the owners of the Company increased by 0.1% year-on-year to RMB192.2 million (first half of 2023: RMB192.0 million). Basic earnings per share were RMB10.31 cents (first half of 2023: RMB11.57 cents). The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2024.

In the first half of 2024, China’s economy maintained overall stability with progress. According to data from the National Bureau of Statistics, the Gross Domestic Product (GDP) increased by 5.0% year-on-year, showing steady improvement. Based on data released by the China Federation of Logistics and Purchasing, logistics demand exhibited a steady recovery momentum in the first half of 2024, with the total social logistics volume increasing by 5.8% year-on-year. According to data from the National Bureau of Statistics, from January to June 2024, the year-on-year growth rate of national highway freight volume reached 4%, indicating a steady recovery in the flow of freight vehicles on the highway network. In the second quarter, the monthly growth in freight traffic exceeded 25%, with various operational indicators continuing to show improvement.

Driven by favorable national policies, the radial tire cord industry is also demonstrating positive development prospects. In March, the State Council highlighted in the “Government Work Report” that the need to transform and upgrade manufacturing technology, boost consumption of new energy vehicles and other mass consumer goods, enhance the stability and quality of foreign trade, and advance green and low-carbon development. These tasks provide excellent guidance for the sustainable development of the tire industry, driving an increase in sales of radial tire cord. Additionally, the “Government Work Report” also emphasized the need to reduce logistics costs through measures such as strengthening logistics infrastructure, rural logistics system construction, and digital transformation. The above initiatives aim to drive high-quality development in the logistics industry, thereby stimulating the increase in production and demand for automobiles and tires.

According to the analysis by the China Association of Automobile Manufacturers, in the first half of 2024, the production and sales of automobiles reached 13.891 million and 14.047 million respectively, representing year-on-year growth of 4.9% and 6.1% respectively. The production and sales of new energy vehicles maintained rapid growth. In the first half of the year, domestic tire production exceeded 500 million, an increase of 8.8% year-on-year, while tire exports increased by 5.3% year-on-year. According to data from the Ministry of Public Security, as of the end of June 2024, the total volume of automobiles in China reached 345 million, with 24.72 million of which being new energy vehicles. It is expected to provide support for the replacement market of radial tire cord.

In the first half of 2024, the global tire industry still faced certain challenges. On one hand, although raw material costs and shipping expenses have risen quarter-on-quarter, several countries and regions in Europe and America have carried out anti-dumping investigations on tire products manufactured by China. On the other hand, the demand for export markets remained strong, especially in Asia and Europe, which enabled Chinese tire companies to maintain competitiveness in the market.

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

In the first half of 2024, the domestic and export markets saw an increase in demand for tire steel cord, driving the sales growth. The Group recorded total sales volume of 724,900 tonnes, up by 22.0% year-on-year, and that of radial tire cords boosted by 22.7% year-on-year to 578,600 tonnes, accounting for 79.8% of the Group's total sales volume (first half of 2023: 79.3%). Sales volume of bead wires increased by 15.8% to 83,000 tonnes, accounting for 11.5% of the Group's total sales volume (first half of 2023: 12.1%). As for hose wires and other wires, their total sales volume increased by 24.1% to 63,300 tonnes, making up 8.7% of the Group's total sales volume (first half of 2023: 8.6%).

During the review period, the sales volume of the Group's radial tire cords for trucks increased by 20.9% year-on-year to 332,600 tonnes. The growth was primarily driven by the stabilization and improvement of China's economy, the steady recovery of logistics activities, and the increase in domestic tire production and demand. Additionally, the rebound in domestic and international market demand for radial tires for passenger cars contributed to the increased sales volume of the Group's radial tire cords for passenger cars, which saw a growth of 25.3% to 246,000 tonnes. The sales volume of radial tire cords for trucks and passenger cars accounted for 57.5% and 42.5% of the total sales volume of radial tire cords during the review period.

### Sales Volume

	Six months ended 30 June		
	2024	2023	Change
	<i>Tonnes</i>	<i>Tonnes</i>	
Radial tire cords	<b>578,600</b>	471,600	+22.7%
– For trucks	<b>332,600</b>	275,200	+20.9%
– For passenger cars	<b>246,000</b>	196,400	+25.3%
Bead wires	<b>83,000</b>	71,700	+15.8%
Hose wires and other wires	<b>63,300</b>	51,000	+24.1%
Total	<b>724,900</b>	594,300	+22.0%

In the China market, the sales volume of the Group's radial tire cords increased by 23.2% to 415,600 tonnes (first half of 2023: 337,300 tonnes). This growth was primarily driven by the improved market demand for radial tires, resulting from increased domestic economic activities and steady GDP growth during the review period. As for overseas market demand, the growth momentum continued in this review period. The sales volume of radial tire cords increased by 21.4% to 163,000 tonnes (first half of 2023: 134,300 tonnes), mainly due to the ongoing growth in overseas demand for radial tires. Domestic and overseas markets accounted for 71.8% and 28.2% of the Group's total sales volume, respectively, (first half of 2023: 71.5% and 28.5%).

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW – CONTINUED

### Sales Volume – CONTINUED

As at 30 June 2024, the annual production capacity of radial tire cords increased to 1,248,000 tonnes. The annual production capacity of the Jiangsu, Shandong, and Thailand factories reached 890,000 tonnes, 279,000 tonnes and 79,000 tonnes, respectively. The annual production capacity of bead wires increased to 173,000 tonnes. The annual production capacity of hose wires and other wires increased to 131,000 tonnes. During the review period, the overall utilization rate of the Group's factories increased to 95.7% (first half of 2023: 93.3%), influenced by the rise in demand for the overall radial tire market and radial tire cords.

	<b>30 June 2024</b>	<b>Six months ended</b>	30 June 2023	Six months ended
	<b>Production</b>	<b>30 June 2024</b>	Production	30 June 2023
	<b>Capacity</b>	<b>Utilisation Rate</b>	Capacity	Utilisation Rate
	<b>(Tonnes)</b>		<b>(Tonnes)</b>	
Radial tire cords	<b>1,248,000</b>	<b>96%</b>	999,000	94%
Bead wires	<b>173,000</b>	<b>96%</b>	159,000	90%
Hose wires and other wires	<b>131,000</b>	<b>96%</b>	109,000	94%
Overall	<b>1,552,000</b>	<b>96%</b>	1,267,000	93%

To enhance production capacity and expand its market presence, the Group consistently allocates resources to bolster product research and development, upgrade product technology, and craft customized radial tire cords to match diverse customer requirements. In the review period, the Group has developed 19 new varieties of radial tire cords and 24 new varieties of bead wire and other wires.

## FINANCIAL REVIEW

### Revenue

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

<i>RMB in million</i>	<b>Six months ended 30 June</b>		2023	Proportion	Change
	<b>2024</b>	<b>Proportion</b>			
		<b>(%)</b>		<b>(%)</b>	<b>(%)</b>
Radial tire cords	<b>5,272.0</b>	<b>86</b>	4,644.1	86	+13.5
– For trucks	<b>2,935.6</b>	<b>48</b>	2,712.5	50	+8.2
– For passenger cars	<b>2,336.4</b>	<b>38</b>	1,931.6	36	+21.0
Bead wires	<b>457.3</b>	<b>7</b>	409.0	7	+11.8
Hose wires and other wires	<b>436.4</b>	<b>7</b>	365.0	7	+19.6
Total	<b>6,165.7</b>	<b>100</b>	5,418.1	100	+13.8

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW – CONTINUED

### Revenue – CONTINUED

During the review period, the Group's revenue increased by RMB747.6 million or 13.8% year-on-year to RMB6,165.7 million (first half of 2023: RMB5,418.1 million), mainly due to the increase in demand and sales volume in domestic and overseas market for the Group.

### Gross profit and gross profit margin

The Group's gross profit increased by RMB181.4 million or 17.7% year-on-year to RMB1,208.7 million (first half of 2023: RMB1,027.3 million), with gross profit margin at 19.6% (first half of 2023: 19.0%), representing a year-on-year increase of 0.6 percentage point. Both gross profit and gross profit margin increased mainly due to the impairment loss on property, plant and equipment of RMB91.6 million being included in cost of sales during the first half of 2023 but no such impairment loss was recorded in this review period. In addition, the increase in gross profit was also driven by increasing revenues.

### Other income

Other income increased by RMB70.7 million or 98.7% to RMB142.3 million (first half of 2023: RMB71.6 million), mainly due to the increase in recognized interest income earned on bank deposits during the review period.

### Other expense

Other expenses decreased by RMB1.6 million or 32.0% to RMB3.4 million (first half of 2023: RMB5.0 million), primarily due to the reduction in sundry income in the first half of 2024 and the corresponding decrease in costs of sundry income.

### Government grants

During the review period, government grants decreased by RMB10.0 million or 66.2% to RMB5.1 million (first half of 2023: RMB15.1 million), mainly due to a decrease in government grants released from deferred income.

### Distribution and selling expenses

Distribution and selling expenses increased by RMB136.9 million or 37.3% to RMB504.4 million (first half of 2023: RMB367.5 million), mainly due to higher transportation costs under increasing shipment fees on a year-on-year basis.

### Administrative expenses

Administrative expenses decreased by RMB17.0 million or 7.6% to RMB206.8 million (first half of 2023: RMB223.8 million). It is mainly because in the review period, staff costs classified as administrative expenses was decreased. This effect was partially offset by an increase in the repairs and maintenance cost.

### Other gains and losses, net

Other gains and losses, net decreased by RMB46.1 million or 102.7% from net gain of RMB44.9 million in the first half of 2023 to net loss of RMB1.2 million in the first half of 2024. This decrease was mainly due to the net foreign exchange loss of RMB18.8 million recorded in this review period whereas a net foreign exchange gain of RMB50.1 million recorded in the first half of 2023.



# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW – CONTINUED

### Impairment loss recognised under expected credit loss model, net

Impairment loss recognised under the expected credit loss model increased by RMB3.1 million or 110.7% to a RMB5.9 million in the first half of 2024 (first half of 2023: RMB2.8 million). This increase was mainly due to a rise in the amount of trade receivables on 30 June 2024 compared to the amount on 30 June 2023.

### Research and development expenditure

Research and development expenditure increased by RMB62.9 million or 69.0% to RMB154.1 million (first half of 2023: RMB91.2 million), mainly due to the increase in the number of new products under development projects in the first half of 2024, most of which were in the initial stages so that the Group invested more resources in new product research and development.

### Finance costs

If the finance costs, including the interest capitalized in the cost of qualifying assets, they would have decreased by RMB21.2 million or 17.0% to RMB103.4 million (first half of 2023: RMB124.6 million). The decrease was primarily due to the decline in the effective interest rates of variable-rate borrowings in the first half of 2024.

### Income tax expense

The Group's income tax expense increased by RMB26.7 million or 40.0% to RMB93.4 million (first half of 2023: RMB66.7 million), with an effective tax rate of 24.8% (first half of 2023: 18.4%). During the review period, current tax was increased by RMB2.7 million or 3.7% to RMB76.4 million due to the increase in profit before tax (first half of 2023: RMB73.7 million). By using the current tax on calculating the effective tax rate, it would become 20.3% (first half of 2023: 20.3%).

### Net profit

Taking the factors mentioned above into account, the Group's net profit for the six months ended 30 June 2024 decreased by RMB12.2 million or 4.1% to RMB283.3 million (first half of 2023: RMB295.5 million).

# MANAGEMENT DISCUSSION AND ANALYSIS

## LIQUIDITY, CAPITAL RESOURCES AND CAPITAL STRUCTURE

During the review period, 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 financing and operating activities, whereas the principal usage of cash was for the acquisition of properties, plant and equipment, payments of dividends, interest and income tax.

Bank balances and cash of the Group increased by RMB524.8 million or 91.9% from RMB570.8 million as at 31 December 2023 to RMB1,095.6 million as at 30 June 2024. The increase was mainly due to the cash that has been generated from financing activities of RMB557.9 million and operating activities of RMB371.7 million, exceeding the cash used in investing activities of RMB402.3 million and the effect of foreign exchange rate changes of RMB2.5 million respectively.

Borrowings increased by RMB635.4 million or 9.6% to RMB7,265.5 million as at 30 June 2024 from RMB6,630.1 million as at 31 December 2023. The bank borrowings carry interest at fixed rates from 1.60% to 3.90% (31 December 2023: 1.35% to 3.90%) and variable rates from 2.60% to 3.20% (31 December 2023: 2.90% to 7.73%). Borrowings of RMB5,588.0 million are repayable within one year from 30 June 2024 and the remaining borrowings of RMB1,677.5 million are repayable after one year from 30 June 2024.

As at 30 June 2024, the Group's current assets increased by RMB627.2 million or 5.4% to RMB12,215.0 million (31 December 2023: RMB11,587.8 million). Current liabilities increased by RMB181.1 million or 1.6% to RMB11,749.3 million (31 December 2023: RMB11,568.2 million). The Group's current ratio (being defined as current assets over current liabilities) maintained at 1.0 times (31 December 2023: 1.0 times). The gearing ratio (being defined as total debts to total assets) as at 30 June 2024 was 32.6% (31 December 2023: 32.0%).

## FOREIGN EXCHANGE RISK

The Group's sales and purchases were principally denominated in Renminbi, 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 six months ended 30 June 2024, capital expenditure for property, plant and equipment amounted to RMB709.9 million (first half of 2023: RMB478.5 million).

# MANAGEMENT DISCUSSION AND ANALYSIS

## CAPITAL COMMITMENTS

As at 30 June 2024, the Group had made a capital commitment of approximately RMB200.8 million (31 December 2023: RMB228.7 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 authorized but not contracted as at 30 June 2024 and 31 December 2023. 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 30 June 2024 and 31 December 2023 respectively.

## PLEDGE OF ASSETS

As at 30 June 2024, secured bank borrowings amounting to RMB1,932.3 million (31 December 2023: RMB2,147.5 million) were secured by term deposits and bills receivables of the Group amounting to RMB1,355.0 million and RMB241.2 million, respectively (31 December 2023: secured by term deposits, leasehold lands and bills receivables amounting to RMB885.2 million, RMB195.7 million and RMB174.0 million, respectively).

## SUBSCRIPTIONS OF NEW SHARES UNDER GENERAL MANDATE

Reference is made to the announcements of the Company dated 30 January 2024, 6 February 2024 and 8 February 2024 (the "Subscriptions Announcements"), in relation to the subscriptions of new Shares under General Mandate. Unless otherwise specified, capitalised terms used under this sub-heading shall have the same meanings as those defined in the Subscriptions Announcements.

On 8 February 2024, the Subscriptions were completed in accordance with the terms and conditions of the relevant Subscription Agreements. An aggregate of 257,680,000 ordinary Shares (of an aggregate nominal value of HK\$25,768,000), representing (i) approximately 15.50% of the issued share capital of the Company immediately before Completion; and (ii) approximately 13.42% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares immediately upon Completion, have been issued at the Subscription Price of HK\$1.31 per Subscription Share to the Subscribers, namely 133,000,000 Subscription Shares to JINYU TIRE (HONGKONG) CO., LIMITED (金宇輪胎(香港)有限公司), 39,900,000 Subscription Shares to HAOHUA TIRE CO., LIMITED and 84,780,000 Subscription Shares to Longmarch Hongkong Holding Limited (長征香港控股有限公司) respectively. The gross proceeds from the Subscriptions amounted to approximately HK\$337.56 million and the net proceeds, after deduction of expenses, amounted to approximately HK\$337.06 million, representing the net price of approximately HK\$1.308 per Subscription Share. Such net proceeds have been applied in the manner as disclosed in the Subscriptions Announcements. The market value of the Subscription Shares which was based on the closing price of HK\$1.63 per Share as at the date of the Subscription Agreements was approximately HK\$420.02 million.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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 deducting expenses, amounted to approximately HK\$71.4 million. In the first half of 2024, Xingda has subscribed another 6,100,000 shares of Prinx Chengshan at HK\$8.90 per share, for a total payment of approximately HK\$54.5 million after deducting expenses. The shares held by Xingda accounted for 2.8% and 1.9% of the entire issued shares of Prinx Chengshan as at 30 June 2024 and 31 December 2023 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 financial assets at fair value through profit or loss of RMB14.4 million was recorded during the six months ended 30 June 2024 (first half of 2023: gain of RMB1.8 million).

The fair value of the investment in Prinx Chengshan as at 30 June 2024 was RMB133.4 million (31 December 2023: RMB69.4 million). The above mentioned investment accounted for 0.6% and 0.3% of the total assets value of the Group as at 30 June 2024 and 31 December 2023 respectively.

Save as disclosed above, the Group had no other significant investments as at 30 June 2024 and 31 December 2023 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 for the six months ended 30 June 2024 and 30 June 2023 respectively.

## HUMAN RESOURCES

As of 30 June 2024, the Group had approximately 9,200 full time employees (31 December 2023: approximately 8,700). Total staff costs including directors’ remuneration for the six months ended 30 June 2024 was RMB603.7 million (first half of 2023: RMB492.2 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## HUMAN RESOURCES – CONTINUED

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, 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 six months ended 30 June 2024, the amount of Union Fees contributed by the Labour Union of Jiangsu Xingda, Shandong Xingda and Taizhou Xingda was RMB10.4 million (first half of 2023: RMB11.2 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## HUMAN RESOURCES – CONTINUED

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 30 June 2024, the balance of the Fifth Batch Shares were 2,139,665 shares.

As at 30 June 2024, all the First Batch Shares, the Second Batch Shares, the Third Batch Shares and 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 not later than the end of year 2025.

## PROSPECTS

In the first half of 2024, despite the challenges of complex and severe international environment, the China’s economy still represented strong resilience. In July, the Third Plenary Session of 20th CPC Central Committee pointed out that efforts should be made to boost consumption as the main focus to expand domestic demand and cultivate and foster new engines of economic growth in the second half of the year. This included the prosperous development of competitive industries such as new energy vehicles, which is expected to drive the demand for semi-steel radial tire cord. The National Development and Reform Commission and Ministry of Finance of the PRC further reinforce measures to promote automobile consumption, launching higher subsidy standards for car scrapping scheme, as well as extending the limitation on the purchase of new energy vehicles in many cities, which could provide a degree of support for the growth of the tire replacement market in the second half of the year.



## MANAGEMENT DISCUSSION AND ANALYSIS

### PROSPECTS – *CONTINUED*

At the end of the second quarter, domestic and foreign sales of all-steel tire products have slowed down. With the increase in stock level and the slight decline in domestic logistics market sentiment, the Group is cautious about the sales volume of all-steel tire cord in the second half of the year. Meanwhile, the Group will be more flexible in adjusting production scheduling to cope with changes in the domestic market. As for overseas exports, the demand is expected to remain stable in the second half of the year.

Looking forward to the future, the Group will pay close attention to the changes in industry trends and domestic and overseas policies, strengthen the flexible layout of local plants, adhering to independent innovation and product upgrading, committing to research and development and production of green products, and provide clients with quality products and services. As the world's leading enterprise of radial tire steel cord, Xingda will follow the trend of green and low-carbon in tire industry, strive to promote sustainable development, and contribute positive power to the industry.

## OTHER INFORMATION

### INTERIM DIVIDEND

The board of directors of the Company (the “Board”) does not recommend the payment of interim dividend for the six months ended 30 June 2024.

### DIRECTORS’ AND CHIEF EXECUTIVES’ INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2024, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (as defined in Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”)), as recorded in the register maintained under Section 352 of Part XV of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules (“Model Code”), were as follows:

#### (1) Long positions in shares, underlying shares and debentures of the Company

Name of Director	Capacity	Number of ordinary shares	Approximate percentage of issued share capital of the Company as at 30 June 2024 <i>(Note 5)</i>
Liu Jinlan <i>(Notes 1 &amp; 2)</i>	Beneficial owner, interest of a controlled corporation, a concert party to an agreement to buy shares described in s.317(1)(a) of the SFO	667,293,026	34.75%
Liu Xiang <i>(Notes 1 &amp; 3)</i>	Beneficial owner, interest of a controlled corporation, a concert party to an agreement to buy shares described in s.317(1)(a) of the SFO	667,293,026	34.75%
Hang Youming <i>(Notes 1 &amp; 4)</i>	Beneficial owner, interest of a controlled corporation, a concert party to an agreement to buy shares described in s.317(1)(a) of the SFO <i>(Note 3)</i>	667,293,026	34.75%
Wang Jin <i>(Note 6)</i>	Beneficial owner	1,245,000	0.07%
Koo Fook Sun, Louis <i>(Note 7)</i>	Beneficial owner	510,824	0.03%
Xu Chunhua	Beneficial owner	50,000	0.003%



## OTHER INFORMATION

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES – *CONTINUED*

#### (1) Long positions in shares, underlying shares and debentures of the Company – *Continued*

*Notes:*

1. Mr. Liu Jinlan, Mr. Liu Xiang, Mr. Tao Jinxiang, Mr. Zhang Yuxiao and Mr. Hang Youming (“Five Parties”) entered into an agreement dated 29 August 2005 (as supplemented by supplemental agreements dated 15 November 2005 and 29 November 2022) in relation to the beneficial interests in Great Trade Limited, In-Plus Limited, Perfect Sino Limited, Power Aim Limited and Wise Creative Limited (the “Five BVI Companies”) (the “Five Parties’ Agreement”). Pursuant to the Five Parties’ Agreement, (i) the interests and rights of the Five BVI Companies and the interests and rights in the Shares held by the Five Parties through the Five BVI Companies are held by the Five Parties for their own benefit and for the benefit of the other members (“ESC Members”) of 江蘇興達鋼簾線股份有限公司職工持股會 (Employee Shareholding Committee of Jiangsu Xingda Steel Tyre Cord Co., Ltd.\*) (the “Employee Shareholding Committee”) from time to time (including the Five Parties as at the date of this report) with reference to the proportion set out in the Five Parties’ Agreement and as amended from time to time; and (ii) to the extent any Shares were acquired by any of the Five Parties and/or the Five BVI Companies using the funds provided by such member of the Five Parties on or after 30 August 2005, such acquired Shares (together with all rights and benefits accruing and attaching thereto) shall be for the benefit of such member of the Five Parties only.

On 29 November 2022, the Five BVI Companies, the Five Parties, Widen Success Holdings Limited (“Widen Success”) and Mr. Liu Tao entered into an agreement (the “AIC Agreement”), pursuant to which the parties agreed, confirmed and acknowledged that in respect of all the Shares held by the Five BVI Companies, the Five Parties, Widen Success and Mr. Liu Tao from time to time, whether for their own benefit or for the benefit of the other ESC Members, they shall reach a consensus before voting on any of the matters to be resolved at the general meetings of the Company and shall vote unanimously on the resolutions proposed at the general meetings of the Company. Mr. Liu Tao further agreed and confirmed that he shall agree with Mr. Liu Jinlan when reaching a consensus among the Five Parties and himself. The AIC Agreement took effect on 10 March 2023, being the final settlement date for the conditional voluntary cash partial offer made by CLSA Limited on behalf of the joint offerors to the qualifying shareholders to acquire a maximum of 80,000,000 offer shares of the Company as disclosed in the composite document dated 27 January 2023 jointly issued by the relevant joint offerors and the Company.

The Company was informed that (i) Mr. Tao Jinxiang, Mr. Zhang Yuxiao, Perfect Sino Limited and Power Aim Limited had unilaterally terminated the AIC Agreement with effect from 5 January 2024 by giving a termination notice to the other parties; and (ii) a party to the AIC Agreement has thereafter taken legal actions against Mr. Tao Jinxiang and Mr. Zhang Yuxiao in respect of the said termination. The Company will make further disclosure(s) to keep its shareholders and potential investors informed of any updates as and when appropriate.

2. Mr. Liu Jinlan held 49,039,275 Shares in his own name as at 30 June 2024. Mr. Liu Jinlan held as to 100% of the issued share capital of Great Trade Limited for his own benefit and for the benefit of other ESC Members according to the terms of the Five Parties’ Agreement. As at 30 June 2024, Great Trade Limited held 329,104,883 Shares in the Company. For the purpose of Part XV of the SFO, Mr. Liu Jinlan was deemed to be interested in the Shares held by Great Trade Limited. Mr. Liu Jinlan was also a party to the AIC Agreement, and was deemed to be interested in the Shares in which the other parties to the AIC Agreement (excluding Mr. Tao Jinxiang, Mr. Zhang Yuxiao, Perfect Sino Limited and Power Aim Limited) were interested for the purpose of Part XV of the SFO. Please refer to Note 1 above for details. Further, Mr. Liu Jinlan is a grantee under the share award scheme of the Company adopted on 4 September 2009 (“Share Award Scheme”). Upon fulfilment of the relevant vesting conditions and assuming all shares of the Company (“Shares”) awarded under the Share Award Scheme (“Award Shares”) granted to him are vested in full, Mr. Liu Jinlan will become interested in a further 5,425,000 Shares.

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES – CONTINUED

#### (1) Long positions in shares, underlying shares and debentures of the Company – *Continued*

*Notes: – Continued*

3. Mr. Liu Xiang held 20,023,868 Shares in his own name as at 30 June 2024. Mr. Liu Xiang held as to 100% of the issued share capital of In-Plus Limited for his own benefit and for the benefit of other ESC Members according to the terms of the Five Parties' Agreement. As at 30 June 2024, In-Plus Limited held 155,114,000 Shares in the Company. For the purpose of Part XV of the SFO, Mr. Liu Xiang was deemed to be interested in the Shares held by In-Plus Limited. Mr. Liu Xiang was also a party to the AIC Agreement, and was deemed to be interested in Shares in which the other parties to the AIC Agreement (excluding Mr. Tao Jinxiang, Mr. Zhang Yuxiao, Perfect Sino Limited and Power Aim Limited) were interested for the purpose of Part XV of the SFO. Please refer to Note 1 above for details. Further, Mr. Liu Xiang is a grantee under the Share Award Scheme. Upon fulfilment of the relevant vesting conditions and assuming all Award Shares granted to him are vested in full, Mr. Liu Xiang will become interested in a further 2,675,000 Shares.
4. Mr. Hang Youming held 10,000,001 Shares in his own name as at 30 June 2024. Mr. Hang Youming held as to 100% of the issued share capital of Wise Creative Limited for his own benefit and for the benefit of other ESC Members according to the terms of the Five Parties' Agreement. As at 30 June 2024, Wise Creative Limited held 87,735,999 Shares in the Company. For the purpose of Part XV of the SFO, Mr. Hang Youming was deemed to be interested in the shares held by Wise Creative Limited. Mr. Hang Youming is a party to the AIC Agreement, and was deemed to be interested in the shares in which the other parties to the AIC Agreement (excluding Mr. Tao Jinxiang, Mr. Zhang Yuxiao, Perfect Sino Limited and Power Aim Limited) were interested for the purpose of Part XV of the SFO. Please refer to Note 1 above for details. Further, Mr. Hang Youming is a grantee under the Share Award Scheme. Upon fulfilment of the relevant vesting conditions and assuming all Award Shares granted to him are vested in full, Mr. Hang Youming will become interested in a further 2,675,000 Shares.
5. The percentages disclosed above were based on the total number of issued shares of the Company as at 30 June 2024, i.e. 1,920,125,199 shares.
6. Mr. Wang Jin is a grantee under the Share Award Scheme. Upon fulfilment of the relevant vesting conditions and assuming all Award Shares granted to him are vested in full, Mr. Wang will become interested in a further 1,245,000 Shares.
7. Mr. Koo Fook Sun, Louis is a grantee under the Share Award Scheme. Upon fulfilment of the relevant vesting conditions and assuming all Award Shares granted to him are vested in full, Mr. Koo Fook Sun, Louis will become interested in a further 217,000 Shares.

## OTHER INFORMATION

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES – CONTINUED

(2) Long position in shares and underlying shares of the associated corporation of the Company

Name of Directors	Capacity	Associated corporation	Number of ordinary shares in associated corporation	Approximate percentage of registered capital of the associated corporation as at 30 June 2024
Liu Jinlan	Interest of controlled corporation (Note 1)	Jiangsu Xingda Steel Tyre Cord Co., Ltd.	111,499,998	3.90%
Liu Xiang	Interest of controlled corporation (Note 2)	Jiangsu Xingda Steel Tyre Cord Co., Ltd.	72,000,000	2.52%

*Notes:*

1. Liu Jinlan is the general partner of 泰州金澤企業管理合夥企業(有限合夥) (Taizhou Jinze Corporate Management Partnership Corporation (Limited Partnership)\*) which held 99,000,000 shares of Jiangsu Xingda Steel Tyre Cord Co., Ltd. as at 30 June 2024. Further, Liu Jinlan held 80% of the equity interest in 上海上麒升投資有限公司 (Shanghai Shang Qi Sheng Investment Co., Ltd.) which in turn held 76% of the equity interest in 興化市興達綉園酒店有限公司 (Xinghua Xingda Xiuyuan Hotel Co., Ltd.) which held 12,499,998 shares of Jiangsu Xingda Steel Tyre Cord Co., Ltd. as at 30 June 2024.
2. Liu Xiang is the general partner of 泰州業祥企業管理合夥企業(有限合夥) (Taizhou Yexiang Corporate Management Partnership Corporation (Limited Partnership)\*) which held 72,000,000 shares of Jiangsu Xingda Steel Tyre Cord Co., Ltd. as at 30 June 2024.

Save as disclosed above, as at 30 June 2024, none of the Directors, the chief executives of the Company and their associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company in accordance with section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## OTHER INFORMATION

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the paragraph headed "Directors' and Chief Executives' interests and short positions in shares, underlying shares and debentures" above and for the share award scheme adopted by the Company, at no time during the six months ended 30 June 2024 was the Company or any of its subsidiaries a party to any arrangement to enable the Directors (including their spouse and children under 18 years of age) to acquire benefits by means of an acquisition of shares or underlying shares in, or debentures of, the Company or any other body corporate. Details of movements of the shares granted under the share award scheme for the six months ended 30 June 2024 are set out in note 21 to the condensed consolidated financial statements.

### INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS WHO ARE REQUIRED TO DISCLOSE THEIR INTERESTS PURSUANT TO PART XV OF THE SFO

As at 30 June 2024, the interests and short positions of the persons (other than the Directors or chief executives of the Company) in the shares and underlying shares of the Company as recorded in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO were as follows:

Long positions and short positions in shares and underlying shares of the Company

Name of shareholders	Capacity	Number of		Approximate percentage of issued share capital of the Company as at 30 June 2024 <i>(Note 4)</i>
		Ordinary shares	Long Position/ Short Position	
Great Trade Limited	Beneficial owner, a concert party to an agreement to buy shares described in s.317(1)(a) of the SFO	667,293,026	Long position	34.75%
In-Plus Limited	Beneficial owner, a concert party to an agreement to buy shares described in s.317(1)(a) of the SFO	667,293,026	Long position	34.75%
Wise Creative Limited	Beneficial owner, a concert party to an agreement to buy shares described in s.317(1)(a) of the SFO	667,293,026	Long position	34.75%
Widen Success Holdings Limited	Beneficial owner, a concert party to an agreement to buy shares described in s.317(1)(a) of the SFO	667,293,026	Long position	34.75%
Liu Tao	Interest of a controlled corporation, a concert party to an agreement to buy shares described in s.317(1)(a) of the SFO <i>(Note 1)</i>	667,293,026	Long position	34.75%

## OTHER INFORMATION

### INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS WHO ARE REQUIRED TO DISCLOSE THEIR INTERESTS PURSUANT TO PART XV OF THE SFO – *CONTINUED*

Long positions and short positions in shares and underlying shares of the Company – *Continued*

Name of shareholders	Capacity	Number of Ordinary shares	Long Position/ Short Position	Approximate
				percentage of issued share capital of the Company as at 30 June 2024 <i>(Note 4)</i>
Zhao Yue	Interest of controlled corporation <i>(Note 2)</i>	166,329,409	Long position	8.66%
Always Blooming Holdings Limited	Interest of controlled corporation <i>(Note 2)</i>	166,329,409	Long position	8.66%
Super Auspicious Inc.	Interest of controlled corporation <i>(Note 2)</i>	166,329,409	Long position	8.66%
Jinyu Tire (Hongkong) Co., Limited	Interest of controlled corporation <i>(Note 3)</i>	133,000,000	Long position	6.93%
Shandong Jinyu Tire Co., Limited	Interest of controlled corporation <i>(Note 3)</i>	133,000,000	Long position	6.93%
Jinyu Tire Group Co., Limited	Interest of controlled corporation <i>(Note 3)</i>	133,000,000	Long position	6.93%
Qingdao Jianxin Investment Limited	Interest of controlled corporation <i>(Note 3)</i>	133,000,000	Long position	6.93%
Yan Wanhua	Interest of controlled corporation <i>(Note 3)</i>	133,000,000	Long position	6.93%

### INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS WHO ARE REQUIRED TO DISCLOSE THEIR INTERESTS PURSUANT TO PART XV OF THE SFO – CONTINUED

Long positions and short positions in shares and underlying shares of the Company – *Continued*

*Notes:*

1. Mr. Liu Tao held as to 100% of the issued share capital of Widen Success Limited. As at 30 June 2024, Widen Success Limited held 5,500,000 shares in the Company. For the purpose of Part XV of the SFO, Mr. Liu Tao was deemed to be interested in the shares held by Widen Success Limited. Mr. Liu Tao is a party to the AIC Agreement, and was deemed to be interested in the shares in which the other parties to the AIC Agreement (excluding, Mr. Tao Jinxiang, Mr. Zhang Yuxiao, Perfect Sino Limited and Power Aim Limited) were interested for the purpose of Part XV of the SFO. Please refer to Note 1 under the section headed “Directors’ and Chief Executive’s interests and short positions in Shares, underlying Shares and debentures–(1) Long positions in shares, underlying shares and debentures of the Company” above for details.
2. Zhao Yue held 100.00% of Always Blooming Holdings Limited which in turn owned 70.00% of the issued share capital of Super Auspicious Inc. For the purpose of Part XV of the SFO, Zhao Yue and Always Blooming Holdings Limited are deemed to be interested in the shares of the Company held by Super Auspicious Inc.
3. Yan Wanhua owned 70.00% of the issued share capital of Qingdao Jianxin Investment Limited. Qingdao Jianxin Investment Limited owned 70.00% of the issued share capital of Jinyu Tire Group Co. Limited which in turn owned 46.00% of the issued share capital of Shandong Jinyu Tire Co., Limited. Shandong Jinyu Tire Co., Limited owned 100% of the issued share capital of Jinyu Tire (Hongkong) Co., Limited. For the purpose of Part XV of the SFO, Yan Wanhua, Qingdao Jianxin Investment Limited, Jinyu Tire Group Co., Limited and Shandong Jinyu Tire Co., Limited are deemed to be interested in the shares of the Company held by Jinyu Tire (Hongkong) Co., Limited.
4. The percentages disclosed above were based on the total number of issued shares of the Company as at 30 June 2024, i.e. 1,920,125,199 shares.

Save as aforesaid and as disclosed in the section “Directors’ and chief executives’ interests and short positions in shares, underlying shares and debentures” above, the Company has not been notified of any interest or short position in the shares or underlying shares of the Company as at 30 June 2024 which are required to be recorded in the register maintained under section 336 of the SFO.

## OTHER INFORMATION

### DEED OF NON-COMPETITION

On 4 December 2006, (i) Mr. Liu Jinlan, Mr. Liu Xiang, Mr. Tao Jinxiang, Mr. Zhang Yuxiao, Mr. Hang Youming, Great Trade Limited, In-Plus Limited, Perfect Sino Limited, Power Aim Limited and Wise Creative Limited (together as a controlling shareholder), (ii) the then Directors, and (iii) the 98 Owners (as defined in the Prospectus) (not being controlling shareholders) (collectively the “Covenantors”), as covenantors, entered into a deed of non-competition (“Non-competition Deed”) in favour of the Company pursuant to which each of the Covenantors has undertaken to the Company (for itself and for the benefits of its subsidiaries) that, among other matters, it shall not, and shall procure that his/her/its associates will not, directly or indirectly be interested or involved or engaged in or acquire or hold any right or interest in any business which is or is about to be engaged in any business which competes or is likely to compete directly or indirectly with the business of the Group. Details of the terms of the Non-competition Deed have been set out in the paragraph headed “Deed of non-competition entered into by the controlling shareholder” under the section headed “Controlling shareholder and substantial shareholders” of the Prospectus.

To the best knowledge of the Board, since Mr. Tao Jinxiang, Mr. Zhang Yuxiao, Perfect Sino Limited and Power Aim Limited have given termination notice that they would cease to be parties acting in concert with Mr. Liu Jinlan, Mr. Liu Xiang, Mr. Hang Youming, Mr. Liu Tao, Great Trade Limited, In-Plus Limited, Wise Creative Limited and Widen Success Limited, as disclosed in the announcement of the Company dated 7 January 2024, and Mr. Tao Jinxiang and Mr. Zhang Yuxiao resigned on 8 June 2023 and 28 May 2024 respectively, Mr. Tao Jinxiang, Mr. Zhang Yuxiao, Perfect Sino Limited and Power Aim Limited are no longer bound by the Non-competition Deed as Covenantors. The Company has received the declaration for the six months ended 30 June 2024 from Mr. Liu Jinlan, Mr. Liu Xiang, Mr. Hang Youming, Great Trade Limited, In-Plus Limited and Wise Creative Limited (together as a controlling shareholder) in respect of their respective compliance with the terms of the Non-competition Deed.

The existing directors have confirmed that they have not engaged in any business which competes or is likely to compete with the business of the Group, and the Directors are not aware that any of the Covenantors or their respective associates has engaged in any business which competes or is likely to compete with the business of the Group.

The independent non-executive Directors have reviewed the declaration and are not aware that any of the Covenantors or their respective associates has engaged in any business which competes or is likely to compete with the business of the Group.

### 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 six months ended 30 June 2024, 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 officer and the daily operation of the Group is assigned among the executive Directors. In addition to the fact that the responsibilities of the chairman are shared by the remaining executive Directors, the Executive Committee of the Company 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.

Following the resignation of Mr. Luo Tiejun on 3 April 2024, the Board comprised six executive Directors and two independent non-executive Directors. As a result of the foregoing, the Company was not in compliance with (i) Rule 3.10(1) of the Listing Rules, which stipulates that the Board must include at least three independent non-executive directors; (ii) Rule 3.10A of the Listing Rules, which stipulates that the number of independent non-executive directors shall represent at least one-third of the Board; and (iii) Rule 3.21 of the Listing Rules, which stipulates that the audit committee must comprise a minimum of three members. Ms. Zhang Guoyun was appointed as an independent non-executive Director on 6 September 2024. Following the appointment of Ms. Zhang Guoyun, the Company is in compliance with Rule 3.10(1), Rule 3.10A and Rule 3.21 of the Listing Rules.

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 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 six months ended 30 June 2024.

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



## OTHER INFORMATION

### SHARE AWARD SCHEME

#### Purpose and Participants of the Scheme

On 4 September 2009 (“Adoption Date”), the Board resolved to adopt the share award scheme (“Scheme”) to encourage and retain employee(s) selected by the Remuneration Committee (as defined below)(after taking into consideration recommendations and suggestions made by the Chairman) and approved by the Board pursuant to the rules relating to the Scheme (“Scheme Rules”) and employee(s) selected by the trustee(s) (“Trustee”) for the time being of the trust(s) declared in the trust deed (“Trust Deed”) after having taken into consideration recommendations made by the Chairman, considered and consented to by the Remuneration Committee and approved by the Board pursuant to the Scheme Rules for participation in the Scheme (“Selected Employees”) to work with the Group and to provide incentive for them to achieve performance goals with a view to achieving the objectives of increasing the value of the Group and aligning the interests of Selected Employees directly to the shareholders of the Company through ownership of Shares. Pursuant to the Scheme, Shares will be purchased by the Trustee in the market out of cash contributed by the Company and be held in trust for the relevant Selected Employees until such Shares are vested in the relevant Selected Employees in accordance with the provisions of the Scheme.

For the six months ended 30 June 2024, the participants of the Scheme include four executive Directors, namely Mr. Liu Jinlan, Mr. Liu Xiang, Mr. Hang Youming and Mr. Wang Jin and one of the independent non-executive Directors, namely Mr. Koo Fook Sun Louis, the senior management personnel, and core technical personnel and key management personnel of the Company and its subsidiaries who provide a significant impact on the Group’s overall operation and development.

As at the date of this report, the total number of Company’s shares awards had been granted but not yet vested under the Scheme was approximately 16,099,667, representing 0.8% of the total issued shares of the Company.

According to the Scheme Rules, subject to terms of the Scheme Rules and the approval of the Board, the Remuneration Committee may, from time to time after taking into consideration recommendations and suggestions made by the chairman of the Board, at its discretion and subject to such terms and conditions as it may think fit, among other things (i) determine the aggregate number of awarded shares to be granted to all the Selected Employees in respect of each relevant financial year; and (ii) determine the number of awarded shares to be granted to each of the Selected Employees in respect of each relevant financial year out of the aggregate number of awarded shares to be granted in respect of such financial year as referred to in paragraph (i) above, and such awarded shares so granted to each Selected Employee shall constitute all or part of the annual remuneration (in whatever kind(s) or form(s)) in respect of the relevant financial year payable to such Selected Employee as contemplated under his employment agreement or service agreement with the relevant member of the Group, provided always that no award shall be made to any Selected Employee in respect of any financial year unless the Earnings Per Share (as defined below) of the Company for such financial year is a positive figure or unless such other condition(s) (if any) as determined or approved by the Board from time to time shall have been satisfied or unless otherwise determined by the Board. “Earnings Per Share” of the Company in respect of a financial year shall mean (i) the profit attributable to equity holders of the Company for that financial year divided by (ii) the weighted average number of ordinary shares of the Company in issue during that financial year.

### SHARE AWARD SCHEME – CONTINUED

#### Purpose and Participants of the Scheme – *Continued*

Upon receiving the letter of grant from the Company setting out the number of shares awarded to him/her and relevant terms and conditions, the Selected Employee may accept the award by delivering to the Company a duly completed form of acceptance within the acceptance period specified in the said letter of grant, failing which such Selected Employee shall not become entitled to any Shares pursuant to that Award.

#### Vesting

Save for a Lapse or a Partial Lapse (each as defined in the announcement of the Company dated 18 September 2009 (the “Announcement”) and subject to the section headed “Vesting Limit” below, unless otherwise determined by the Board at its discretion, the awarded shares held by the Trustee upon the Trust and which are referable to a Selected Employee shall be vested in that Selected Employee at no consideration on the date falling on the first anniversary of the relevant Reference Date (as defined in the Announcement)(or, if such date is not a business day, the business day immediately following such date) or at such times and in such manner as determined by the Remuneration Committee and approved by the Board from time to time, provided that such Selected Employee remains at all times after the relevant Reference Date and on the relevant Vesting Date(s) an Employee and that such Selected Employee has, as of the relevant Vesting Date(s), achieved the key performance indicator (if any) as specified in the letter of grant or as determined by the Remuneration Committee and approved by the Board and satisfied all the conditions as specified in the letter of grant or otherwise required by the Company under the Scheme. The date on which the awarded shares are to be vested is referred to as a “Vesting Date”.

#### Vesting Limit

The total number of awarded shares to be vested in all Selected Employees in respect of each financial year shall not exceed 5 million Shares.

Unless otherwise determined by the Remuneration Committee and approved by the Board, the number of awarded shares to be granted to the Selected Employees in respect of each financial year shall be subject to the following ratio:

Executive Directors	60% (“Ratio A”)
Non-executive Directors	10% (“Ratio B”)
Other Employees (excluding the executive Directors and non-executive Directors)	30% (“Ratio C”)

provided that in the event that any non-executive Director (including any independent non-executive Director) has notified the Company of his/her intention not to participate in the Scheme in respect of any financial year(s), (i) Ratio B in respect of any relevant Financial Year shall be reduced to such percentage and Ratio C in respect of such year shall be increased to such percentage as determined by the Remuneration Committee and approved by the Board from time to time, and (ii) Ratio A in respect such year shall remain at 60%, unless otherwise determined by the Remuneration Committee and approved by the Board.

## OTHER INFORMATION

### SHARE AWARD SCHEME – CONTINUED

#### Vesting Limit – Continued

The Scheme does not constitute a share option scheme and no new share of the Company will be granted under the Scheme accordingly. Instead, the vesting periods of the awards under the Scheme are stated in the table of the movements in the number of awarded shares outstanding during the first half of 2024 which are set out in the note 21 to the condensed consolidated financial statements.

During the six months ended 30 June 2024, no awards were granted and no amount was payable on application or acceptance of award.

As at the date of this report, the vesting periods for different batches of granted and unvested restricted shares were different, ranging from 22 August 2019 to 31 March 2027.

#### Remaining life of the Scheme

Subject to terms of the Scheme Rules, the Scheme shall be valid and effective for a period commencing on the Adoption Date and ending on the date to be determined by the Board from time to time, after which no further award will be made but the provisions of the Scheme shall remain in full force and effect to the extent necessary to give effect to any awards granted prior thereto or otherwise as may be required in accordance with the provisions of the Scheme.

For details of the Scheme, please refer to the announcement of the Company dated 18 September 2009.

The table below sets out details of share awards granted to various participants/categories of participants under the Scheme:

Grantee/Category	Grant date	Vesting period	Unvested awards as at 1 January 2024	Granted	Vested	Forfeited	Lapsed	Cancelled	Unvested awards as at 30 June 2024
				during the six months ended 30 June 2024	during the six months ended 30 June 2024	during the six months ended 30 June 2024	during the six months ended 30 June 2024	during the six months ended 30 June 2024	
Directors									
- Liu Jinlan	22 August 2019 <sup>(1)</sup>	22 August 2019 to 30 September 2025	1,600,000	-	-	-	-	-	1,600,000
- Liu Jinlan	30 November 2021 <sup>(2)</sup>	30 November 2021 to 31 March 2027	3,825,000	-	-	-	-	-	3,825,000
- Liu Xiang	22 August 2019 <sup>(1)</sup>	22 August 2019 to 30 September 2025	800,000	-	-	-	-	-	800,000
- Liu Xiang	30 November 2021 <sup>(2)</sup>	30 November 2021 to 31 March 2027	1,875,000	-	-	-	-	-	1,875,000
- Zhang Yuxiao	22 August 2019 <sup>(1)</sup>	22 August 2019 to 30 September 2025	800,000	-	-	(800,000)	-	-	-
- Zhang Yuxiao	30 November 2021 <sup>(2)</sup>	30 November 2021 to 31 March 2027	1,875,000	-	-	(1,875,000)	-	-	-
- Hang Youming	22 August 2019 <sup>(1)</sup>	22 August 2019 to 30 September 2025	800,000	-	-	-	-	-	800,000

## OTHER INFORMATION

### SHARE AWARD SCHEME – CONTINUED

#### Remaining life of the Scheme – Continued

Grantee/Category	Grant date	Vesting period	Unvested awards as at 1 January 2024	Granted	Vested	Forfeited	Lapsed	Cancelled	Unvested awards as at 30 June 2024
				during the six months ended 30 June 2024	during the six months ended 30 June 2024	during the six months ended 30 June 2024	during the six months ended 30 June 2024	during the six months ended 30 June 2024	
Directors									
– Hang Youming	30 November 2021 <sup>(2)</sup>	30 November 2021 to 31 March 2027	1,875,000	-	-	-	-	-	1,875,000
– Wang Jin	22 August 2019 <sup>(1)</sup>	22 August 2019 to 30 September 2025	100,000	-	-	-	-	-	100,000
– Wang Jin	30 November 2021 <sup>(2)</sup>	30 November 2021 to 31 March 2027	225,000	-	-	-	-	-	225,000
– Koo Fook Sun, Louis	22 August 2019 <sup>(1)</sup>	22 August 2019 to 30 September 2025	67,000	-	-	-	-	-	67,000
– Koo Fook Sun, Louis	30 November 2021 <sup>(2)</sup>	30 November 2021 to 31 March 2027	150,000	-	-	-	-	-	150,000
The five highest paid individuals during the financial year									
(three out of five include Directors listed above) in aggregate	22 August 2019 <sup>(1)</sup>	22 August 2019 to 30 September 2025	3,600,000	-	-	-	-	-	3,600,000
(three out of five include Directors listed above) in aggregate	30 November 2021 <sup>(2)</sup>	30 November 2021 to 31 March 2027	8,475,000	-	-	-	-	-	8,475,000
Other grantees (employees) in aggregate	22 August 2019 <sup>(1)</sup>	22 August 2019 to 30 September 2025	1,382,000	-	-	-	-	-	1,382,000
	30 November 2021 <sup>(2)</sup>	30 November 2021 to 31 March 2027	2,250,000	-	-	-	-	-	2,250,000

#### Notes:

- (1) The closing price of Shares immediately before the grant date of 22 August 2019 (i.e. 21 August 2019) was HK\$2.03 per share. The fair value of the awarded shares as at 22 August 2019 was HK\$1.41 per share.
- (2) The closing price of Shares immediately before the grant date of 30 November 2021 (i.e. 29 November 2021) was HK\$1.64 per share. The fair value of the awarded shares as at 30 November 2021 was HK\$1.11 per share.
- (3) No awards were vested during the six months ended 30 June 2024. 2,675,000 awards were forfeited resulting from the resignation of a director of the Company during the six months ended 30 June 2024.

## OTHER INFORMATION

### SHARE AWARD SCHEME – CONTINUED

#### Voting power of the Trustee

According to the terms of the Trust Deed, notwithstanding that the Trustee is the legal registered holder of the Shares awarded and held upon trust pursuant to the Trust Deed, the Trustee shall not exercise the voting rights attached to such Shares.

### 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 six months ended 30 June 2024.

### USE OF PROCEEDS

On 8 February 2024, the Company issued and allotted a total of 257,680,000 ordinary Shares to JINYU TIRE (HONGKONG) CO., LIMITED (金宇輪胎(香港)有限公司), HAOHUA TIRE CO., LIMITED and Longmarch Hongkong Holding Limited (長征香港控股有限公司). Terms defined hereinbelow would have the same meaning as those defined in the announcement of the Company dated 26 April 2023. For details, please refer to the announcements of the Company dated 30 January 2024, 6 February 2024 and 8 February 2024.

Date of completion	8 February 2024
Name of subscribers	JINYU TIRE (HONGKONG) CO., LIMITED (金宇輪胎(香港)有限公司), HAOHUA TIRE CO., LIMITED and Longmarch Hongkong Holding Limited (長征香港控股有限公司)
Number of Shares issued	133,000,000 Shares to JINYU TIRE (HONGKONG) CO., LIMITED (金宇輪胎(香港)有限公司), 39,900,000 Subscription Shares to HAOHUA TIRE CO., LIMITED and 84,780,000 Subscription Shares to Longmarch Hongkong Holding Limited (長征香港控股有限公司) respectively
Class of Subscription Shares issued	Ordinary shares
Aggregate nominal value of Share issued	HK\$25,768,000
Issue price per Subscription Share	HK\$1.31
Net price per Subscription Share	HK\$1.308

### USE OF PROCEEDS – CONTINUED

Basis for determination of issue price of Subscription Shares

(a) a discount of approximately 19.63% to the closing price of HK\$1.63 per Share as quoted on the Stock Exchange on the date of the Subscription Agreements; and (b) a discount of approximately 17.71% to the average closing prices of approximately HK\$1.592 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Subscription Agreement (i.e. 30 January 2024).

Gross proceeds

approximately HK\$337.56 million

Reasons for the issue

The Directors are of the view that (a) given the increasing trend of sales volume, it is desirable for the Group to raise and reserve sufficient cash for its general working capital so as to accommodate its needs for operating cashflow; (b) as compared with other alternative fundraising methods such as debt financing, rights issue or open offer, the Subscriptions by way of allotment and issue of new Shares under the General Mandate is relatively cost-effective without incurring any financing burden to the Group; and (c) the Subscriptions will enlarge the shareholders and capital base of the Group, increase the overall liquidity of the Shares and strengthen the financial position of the Group. In view of the above, the Board is of the view that the Subscriptions represent a good opportunity for the Group to raise additional capital to strengthen its financial position, achieve continuous business operations, foster future developments and broaden the shareholders base and capital base of the Company.

## OTHER INFORMATION

### USE OF PROCEEDS – CONTINUED

The net proceeds from the subscription arrangement completed in February 2024 amounted to approximately HKD337,060,000. The net proceeds for the six months ended 30 June 2024 has been used in accordance with the intended uses as disclosed in the Subscriptions Announcements. The status of the use of net proceeds as at 30 June 2024 and the expected timeline of the use of the unutilized net proceeds are set out below:

	<b>Proposed uses of fund</b>	<b>Actual utilized amount as at 30 June 2024</b>	<b>Balance of net Proceeds as at 30 June 2024</b>	<b>Expected timeline for utilising the unutilised net proceeds</b>
	<i>HKD'000</i>	<i>HKD'000</i>	<i>HKD'000</i>	
Costs of maintaining and upgrading the production, monitoring, energy-saving and pollution control facilities and system of the Group's factories in Jiangsu, Shandong, and Thailand so as to enhance production capacity, efficiency and environmental sustainability	67,060	33,899	33,161	From time to time commencing from February 2024 and completing in December 2024
Repayment of short term loan facilities which were used as the working capital and payment to suppliers under credit arrangements for material procurement	150,000	149,703	297	From time to time within the year of 2024
Staff costs including salary, benefits, bonuses, insurance and costs of employee trainings	40,000	20,707	19,293	From time to time within the year of 2024
Other overhead costs including utilities such as water, gas and electricity supply for the factories, administrative costs and other operating expenses	80,000	42,353	37,647	From time to time within the year of 2024
<b>Total</b>	<u>337,060</u>	<u>246,662</u>	<u>90,398</u>	

The remaining amount of approximately HKD90 million was placed in short term deposits with licensed banks in Hong Kong, the People's Republic of China and Thailand.

### AUDIT COMMITTEE

As at the date of this interim report dated 27 August 2024, the Audit Committee consisted of two independent non-executive Directors, namely Mr. Koo Fook Sun, Louis and Ms. Xu Chunhua. The chairman of the Audit Committee is Mr. Koo Fook Sun, Louis.

The Audit Committee of the Company together with the external auditor and the management of the Company have reviewed the accounting principles and practices adopted by the Group and discussed the financial reporting matters including the review of the unaudited interim results of the Group for the six months ended 30 June 2024.

By Order of the Board

**XINGDA INTERNATIONAL HOLDINGS LIMITED**

**Liu Jinlan**

*Chairman*

Shanghai, the PRC, 27 August 2024



# REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## TO THE BOARD OF DIRECTORS OF XINGDA INTERNATIONAL HOLDINGS LIMITED

*(incorporated in the Cayman Islands with limited liability)*

### Introduction

We have reviewed the condensed consolidated financial statements of Xingda International Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 33 to 60, which comprise the condensed consolidated statement of financial position as of 30 June 2024 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

#### **Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong

27 August 2024

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2024

		Six months ended 30 June	
	NOTES	2024 (unaudited) RMB'000	2023 (unaudited) RMB'000
Revenue	4	6,165,692	5,418,080
Cost of sales		<u>(4,956,977)</u>	<u>(4,390,803)</u>
Gross profit		1,208,715	1,027,277
Other income	5	142,271	71,581
Other expense	5	(3,430)	(4,994)
Government grants	6	5,068	15,106
Distribution and selling expenses		(504,441)	(367,540)
Administrative expenses		(206,819)	(223,764)
Other gains and losses, net	7	(1,185)	44,911
Impairment loss recognised under expected credit loss model, net		(5,897)	(2,834)
Research and development expenditure		(154,098)	(91,194)
Finance costs	8	<u>(103,442)</u>	<u>(106,393)</u>
Profit before tax		376,742	362,156
Income tax expense	9	<u>(93,432)</u>	<u>(66,656)</u>
Profit for the period	10	283,310	295,500
<i>Other comprehensive (expense) income item that may be reclassified subsequently to profit or loss:</i>			
Exchange difference arising on translation of foreign operations		<u>(25,894)</u>	<u>2,478</u>
Total comprehensive income for the period		<u><u>257,416</u></u>	<u><u>297,978</u></u>
Profit for the period attributable to:			
Owners of the Company		192,159	192,042
Non-controlling interests		<u>91,151</u>	<u>103,458</u>
		<u><u>283,310</u></u>	<u><u>295,500</u></u>
Total comprehensive income for the period attributable to:			
Owners of the Company		173,933	193,630
Non-controlling interests		<u>83,483</u>	<u>104,348</u>
		<u><u>257,416</u></u>	<u><u>297,978</u></u>
Earnings per share	12		
– Basic (RMB cents)		<u>10.31</u>	<u>11.57</u>
– Diluted (RMB cents)		<u>10.24</u>	<u>11.48</u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2024

		As at 30 June 2024 (unaudited) RMB'000	As at 31 December 2023 (audited) RMB'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	13	7,427,779	7,159,611
Right-of-use assets		613,006	620,193
Freehold land		65,441	69,532
Investment properties	13	117,300	117,300
Term deposits		1,336,548	725,337
Deferred tax assets	14	171,279	170,546
Prepayments for acquisition of property, plant and equipment and freehold land		349,427	254,551
Prepayments		14,434	14,963
		<u>10,095,214</u>	<u>9,132,033</u>
<b>CURRENT ASSETS</b>			
Inventories		1,325,086	903,643
Financial assets at fair value through profit or loss ("FVTPL")	24	133,426	69,448
Trade, bills and other receivables	15	8,400,174	8,028,097
Tax recoverable		2,167	–
Term deposits		1,258,584	2,015,840
Bank balances and cash		1,095,605	570,801
		<u>12,215,042</u>	<u>11,587,829</u>
<b>CURRENT LIABILITIES</b>			
Trade, bills and other payables	16	5,686,752	5,015,283
Contract liabilities		112,668	50,841
Tax liabilities		85,788	71,258
Dividend payable		54,723	86,290
Borrowings – due within one year	17	5,588,047	6,120,325
Lease liabilities		218	250
Obligations arising from repurchase of shares	19	221,111	223,944
		<u>11,749,307</u>	<u>11,568,191</u>
<b>NET CURRENT ASSETS</b>		<u>465,735</u>	<u>19,638</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>10,560,949</u>	<u>9,151,671</u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2024

		As at 30 June 2024 (unaudited) RMB'000	As at 31 December 2023 (audited) RMB'000
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities	14	60,130	59,473
Borrowings – due after one year	17	1,677,500	509,725
Deferred income	18	285,950	283,053
Lease liabilities		431	529
		<u>2,024,011</u>	<u>852,780</u>
<b>NET ASSETS</b>		<u><b>8,536,938</b></u>	<u>8,298,891</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	20	186,603	163,218
Share premium and other reserves		6,172,485	5,941,705
Equity attributable to owners of the Company		6,359,088	6,104,923
Non-controlling interests		2,177,850	2,193,968
<b>TOTAL EQUITY</b>		<u><b>8,536,938</b></u>	<u>8,298,891</u>

The condensed consolidated financial statements on pages 33 to 60 were approved and authorised for issue by the Board of Directors on 27 August 2024 and are signed on its behalf by:

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**LIU JINLAN**  
DIRECTOR

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**WANG JIN**  
DIRECTOR

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2024

Attributable to owners of the Company

	Attributable to owners of the Company												
	Share capital	Share premium	Special reserve	Capital contribution reserve	Statutory common reserve	Capital redemption reserve	Translation reserve	Retained profits	Shares held under share-award scheme	Share-based payment reserve	Total	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
			(Note a)	(Note b)	(Note c)								
At 1 January 2023 (audited)	163,218	-	429,281	(130,150)	973,269	9,700	(52,520)	4,471,845	(3,540)	3,411	5,864,514	2,059,269	7,923,783
Profit for the period	-	-	-	-	-	-	-	192,042	-	-	192,042	103,458	295,500
Other comprehensive income for the period	-	-	-	-	-	-	1,588	-	-	-	1,588	890	2,478
Total comprehensive income for the period	-	-	-	-	-	-	1,588	192,042	-	-	193,630	104,348	297,978
Dividend recognised as distribution (note 11)	-	-	-	-	-	-	-	(222,752)	-	-	(222,752)	-	(222,752)
Dividend to non-controlling interests of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	(84,277)	(84,277)
Exercise of put option of shares of a subsidiary granted to a non-controlling interest (note 19)	-	-	4,898	-	-	-	-	-	-	-	4,898	27,667	32,565
Recognition of equity-settled share-based payment (note 21)	-	-	-	-	-	-	-	-	-	2,796	2,796	-	2,796
At 30 June 2023 (unaudited)	163,218	-	434,179	(130,150)	973,269	9,700	(50,932)	4,441,135	(3,540)	6,207	5,843,086	2,107,007	7,950,093
At 1 January 2024 (audited)	163,218	-	434,179	(130,150)	1,038,067	9,700	(46,249)	4,633,696	(3,540)	6,002	6,104,923	2,193,968	8,298,891
Profit for the period	-	-	-	-	-	-	-	192,159	-	-	192,159	91,151	283,310
Other comprehensive expense for the period	-	-	-	-	-	-	(18,226)	-	-	-	(18,226)	(7,668)	(25,894)
Total comprehensive (expense) income for the period	-	-	-	-	-	-	(18,226)	192,159	-	-	173,933	83,483	257,416
Issuance of shares (note 20)	23,385	282,961	-	-	-	-	-	-	-	-	306,346	-	306,346
Dividend recognised as distribution (note 11)	-	-	-	-	-	-	-	(226,207)	-	-	(226,207)	-	(226,207)
Dividend to non-controlling interests of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	(99,601)	(99,601)
Recognition of equity-settled share-based payment (note 21)	-	-	-	-	-	-	-	-	-	93	93	-	93
At 30 June 2024 (unaudited)	186,603	282,961	434,179	(130,150)	1,038,067	9,700	(64,475)	4,599,648	(3,540)	6,095	6,359,088	2,177,850	8,536,938

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2024

*Notes:*

- (a) Special reserve of RMB434,179,000 represents (i) the difference between the paid-in capital of Faith Maple International Ltd. ("Faith Maple") acquired by the Company and the nominal value of the share capital of the Company through an exchange of shares in prior years; (ii) the difference between the consideration paid by Faith Maple and the net carrying amount of equity interest in Jiangsu Xingda Steel Tyre Cord Co. Ltd. ("Jiangsu Xingda"), a subsidiary of the Company, at date of acquisition in prior years; (iii) the difference between the net carrying amount of additional 24.5% equity interest ("equity interest") in Shandong Xingda Steel Tyre Cord Co., Ltd. ("Shandong Xingda"), a subsidiary of the Company, and the fair value of consideration paid in relation to the acquisition of the equity interest in 2016; (iv) the difference between the consideration paid by Jiangsu Xingda and the net carrying amount of 90% equity interest in Jiangsu Xingda Special Cord Co., Ltd. ("Xingda Special Cord"), a subsidiary of the Company, in 2019; (v) the difference between the net carrying amount of additional 3.77% equity interest in Jiangsu Xingda acquired by Faith Maple through the subscription of 212,229,323 new shares issued by Jiangsu Xingda with an amount of RMB689,745,000 in 2019; (vi) the difference between the consideration paid by 5 strategic investors for 3.35% equity interest in Jiangsu Xingda and respective carrying amount of 3.35% of net assets of Jiangsu Xingda subgroup with an amount of RMB12,833,000 in 2020, netting with impact upon 1 strategic investor's exercise of put option with 0.44% equity interest in Jiangsu Xingda in 2023 as stated in note 20 amounting RMB4,898,000; (vii) the difference between the aggregate amount of net assets related to 42.38% and 24.50% equity interest in Shandong Xingda transferred from Faith Maple and a non-controlling interests to Jiangsu Xingda and 2.47% of net assets of Jiangsu Xingda subgroup with an amount of RMB64,004,000 in 2020; and (viii) the difference between the total share-based payment expenses recognised for the 101,840,880 shares of Jiangsu Xingda, transferred from a non-controlling shareholder, granted to eligible directors, employees and a supplier rendering services to the Group and the change in share of net assets of Jiangsu Xingda by non-controlling shareholders with an amount of RMB198,071,000 in 2020.
- (b) Capital contribution reserve represents deemed distribution to shareholders for the acquisition of equity interest in Jiangsu Xingda and contribution received from shareholders in previous years.
- (c) According to the Articles of Association of the subsidiaries in the People's Republic of China (the "PRC"), the subsidiaries of the Group in the PRC are required to transfer 10% of the profit after tax to the statutory common reserve until the reserve reaches 50% of the registered capital. Transfer to this fund must be made before distributing dividends to shareholders. The statutory common reserve can be used to make up for previous year's losses, expand the existing operations or convert into additional capital of the subsidiaries.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Six months ended 30 June	
	2024	2023
	(unaudited)	(unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>371,683</b>	1,324,360
<b>INVESTING ACTIVITIES</b>		
Purchases of property, plant and equipment	(605,280)	(625,322)
Payment for acquiring financial assets at FVTPL	(49,542)	–
Payments for leasehold land	(461)	–
Placement of term deposits	(88,061)	(939,000)
Withdrawal of term deposits	309,000	761,000
Interest received	22,097	77,235
Receipts of assets-related government grants	5,500	22,917
Dividend received from financial asset at FVTPL	4,459	1,990
Proceeds on disposal of property, plant and equipment	–	714
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(402,288)</b>	(700,466)
<b>FINANCING ACTIVITIES</b>		
New borrowings raised	5,328,977	3,314,417
Proceeds from issuance of shares	306,346	–
Repayments of borrowings	(4,607,722)	(3,331,892)
Dividend paid	(368,208)	(167,104)
Interest paid	(101,344)	(117,874)
Repayments of lease liabilities	(130)	(124)
<b>NET CASH FROM (USED IN) FINANCING ACTIVITIES</b>	<b>557,919</b>	(302,577)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>527,314</b>	321,317
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY,</b>	<b>570,801</b>	824,867
Effect of foreign exchange rate changes	(2,510)	19,009
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE,</b>	<b>1,095,605</b>	1,165,193
represented by bank balances and cash	<b>1,095,605</b>	1,165,193

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 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 with its shares listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The addresses 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 PRC.

The condensed 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 principally engaged in the manufacture and trading of radial tire cords, bead wires and other wires.

## 2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 (“IAS 34”) *Interim Financial Reporting* issued by the International Accounting Standards Board (the “IASB”) as well as the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

## 3. PRINCIPAL ACCOUNTING POLICIES

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

Other than additional accounting policies resulting from application of new and amendments to International Financial Reporting Standards (“IFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2023.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 3. PRINCIPAL ACCOUNTING POLICIES – CONTINUED

### Application of amendments to IFRSs

In the current interim period, the Group has applied the following amendments to IFRSs issued by the IASB, for the first time, which are mandatory effective for the Group's annual period beginning on 1 January 2024 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

The application of the amendments to IFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

## 4. REVENUE AND SEGMENT INFORMATION

### Disaggregation of revenue from contracts with customers

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

	Six months ended 30 June	
	2024 (unaudited) RMB'000	2023 (unaudited) RMB'000
<b>Sales of products</b>		
Radial Tire Cords		
– For trucks	2,935,628	2,712,444
– For passenger cars	2,336,419	1,931,631
Bead wires	457,238	408,980
Hose wires and other wires	436,407	365,025
	<u>6,165,692</u>	<u>5,418,080</u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 4. REVENUE AND SEGMENT INFORMATION – CONTINUED

### Disaggregation of revenue from contracts with customers – CONTINUED

The following is an analysis of the Group's revenue from its major products: – CONTINUED

	Six months ended 30 June	
	2024	2023
	(unaudited)	(unaudited)
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Timing of revenue recognition</b>		
A point in time	<b>6,165,692</b>	5,418,080

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.

### 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 or 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 are details below:

	As at	As at
	30 June	31 December
	2024	2023
	(unaudited)	(audited)
	<b>RMB'000</b>	<b>RMB'000</b>
The PRC	<b>7,480,915</b>	7,103,642
Thailand	<b>1,106,472</b>	1,132,508
	<b>8,587,387</b>	8,236,150

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 4. REVENUE AND SEGMENT INFORMATION – CONTINUED

### 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.

	Six months ended 30 June	
	2024	2023
	(unaudited)	(unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
The PRC (country of domicile)	<b>4,220,613</b>	3,591,968
India	<b>271,663</b>	225,744
Thailand	<b>239,624</b>	199,549
Brazil	<b>169,362</b>	144,599
United States of America	<b>135,176</b>	193,280
Slovenska	<b>118,605</b>	176,545
Korea	<b>93,782</b>	115,159
Indonesia	<b>61,675</b>	70,064
Others	<b>855,192</b>	701,172
	<b><u>6,165,692</u></b>	<b><u>5,418,080</u></b>

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

No customer contributes over 10% of the total revenue of the Group for the six months ended 30 June 2024 and 2023.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 5. OTHER INCOME AND OTHER EXPENSE

### Other income

	Six months ended 30 June	
	2024 (unaudited) RMB'000	2023 (unaudited) RMB'000
Sales of scrap materials	35,108	30,842
Bank interest income	97,465	28,842
Rental income from investment properties	2,473	2,981
Sundry income	7,225	8,916
	<u>142,271</u>	<u>71,581</u>

### Other expense

	Six months ended 30 June	
	2024 (unaudited) RMB'000	2023 (unaudited) RMB'000
Expenses of sundry income	3,430	4,994
	<u>3,430</u>	<u>4,994</u>

## 6. GOVERNMENT GRANTS

	Six months ended 30 June	
	2024 (unaudited) RMB'000	2023 (unaudited) RMB'000
Unconditional government grants (Note)	2,465	4,048
Released from deferred income (note 18)	2,603	11,058
	<u>5,068</u>	<u>15,106</u>

Note: The amount mainly represents government grants received from the local governments relevant to the Group's operations and business development. The grant is unconditional at the date the amount was received by the Group and was recognised as income during the six months ended 30 June 2024.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 7. OTHER GAINS AND LOSSES, NET

	Six months ended 30 June	
	2024 (unaudited) RMB'000	2023 (unaudited) RMB'000
Net foreign exchange (loss) gain	(18,764)	50,072
Dividend income from financial asset at FVTPL	4,954	2,211
Gain on change in fair value of financial asset at FVTPL	14,436	1,789
Loss on written off and disposal of property, plant and equipment	(1,811)	(9,161)
	<u>(1,185)</u>	<u>44,911</u>

## 8. FINANCE COSTS

	Six months ended 30 June	
	2024 (unaudited) RMB'000	2023 (unaudited) RMB'000
Interests on:		
Bank loans	93,016	114,876
Bills receivables discounted	2,410	1,699
Lease liabilities	16	21
Imputed interest on obligations arising from repurchase of shares (note 19)	8,000	7,999
	<u>103,442</u>	<u>124,595</u>
Less: amounts capitalised in the cost of qualifying assets	<u>–</u>	<u>(18,202)</u>
	<u>103,442</u>	<u>106,393</u>

No borrowing costs capitalised during the six months ended 30 June 2024 and for the six months ended 30 June 2023, RMB18,202,000 interests capitalised was arisen on borrowings to expenditure on qualifying assets.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 9. INCOME TAX EXPENSE

	Six months ended 30 June	
	2024 (unaudited) RMB'000	2023 (unaudited) RMB'000
Current tax	76,356	73,694
Overprovision in prior years	(9,509)	(15,770)
Withholding tax	26,661	22,362
Deferred tax	(76)	(13,630)
	<u>93,432</u>	<u>66,656</u>

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% except for Jiangsu Xingda as further described below.

Jiangsu Xingda is qualified as High-tech Enterprise and enjoyed preferential tax rate of 15% throughout the effective period of High-tech Enterprise Certificate during 2021 to 2023. During the current interim period, Jiangsu Xingda's new High-tech Enterprise Certificate is subject to be approved by relevant authority which management expects to be issued within the year and therefore effective throughout the year of 2024.

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 periods.

No provision for taxation in Thailand has been made as no assessable profit of the Group's subsidiary in Thailand incurred (for the six months ended 30 June 2023: assessable profit was absorbed by its unrecognised tax loss for periods ended 30 June 2024 and 2023).

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

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 period ended 30 June 2024, group entity incorporated in Luxembourg generated losses.

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.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 10. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging:

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>(unaudited)</b>	(unaudited)
	<b>RMB'000</b>	RMB'000
Staff cost, including directors' remuneration		
Salaries, wages and other benefits	<b>562,398</b>	453,753
Retirement benefits scheme contributions	<b>41,163</b>	35,664
Share-based payments	<b>93</b>	2,796
	<hr/>	<hr/>
Total staff costs	<b>603,654</b>	492,213
Less: capitalised in inventories	<b>(382,880)</b>	(307,586)
Less: included in research and development expenditure	<b>(45,375)</b>	(22,399)
	<hr/>	<hr/>
	<b>175,399</b>	162,228
	<hr/>	<hr/>
Depreciation and amortisation		
– Property, plant and equipment	<b>383,435</b>	335,468
– Right-of-use assets	<b>7,648</b>	7,903
	<hr/>	<hr/>
Total depreciation and amortisation	<b>391,083</b>	343,371
Less: capitalised in inventories	<b>(351,396)</b>	(287,373)
Less: included in research and development expenditure	<b>(7,583)</b>	(3,680)
	<hr/>	<hr/>
	<b>32,104</b>	52,318
	<hr/>	<hr/>
Impairment loss on property, plant and equipment (included in cost of sales) (note 13)	<b>–</b>	91,623
	<hr/> <hr/>	<hr/> <hr/>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 11. DIVIDENDS

### Six months ended 30 June

2024 (unaudited) RMB'000	2023 (unaudited) RMB'000
--------------------------------	--------------------------------

Dividend for ordinary shareholders of the Company recognised as distribution during the period:

Final dividend in respect of the year ended 31 December 2023  
– 13.0 HK cents per share (2023: final dividend in respect of the year ended 31 December 2022 – 15.0 HK cents per share)

<u>226,207</u>	<u>222,752</u>
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During the current interim period, a final dividend of 13.0 HK cents per ordinary share in an aggregate amount of RMB226,207,000 for the year ended 31 December 2023 was approved at the annual general meeting of the Company held on 29 May 2024.

The board of directors has determined that no dividend will be paid for both interim periods.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 12. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2024	2023
	(unaudited)	(unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Earnings</b>		
Earnings for the period attributable to owners of the Company	<u>192,159</u>	<u>192,042</u>

	Six months ended 30 June	
	2024	2023
	(unaudited)	(unaudited)
	<i>'000</i>	<i>'000</i>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<b>1,864,184</b>	1,660,306
Effect of dilutive potential ordinary shares in respect of outstanding share awards	<u>11,806</u>	<u>13,035</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u><b>1,875,990</b></u>	<u>1,673,341</u>

The weighted average number of ordinary shares shown above has been arrived at after deducting shares held by share award scheme trust as set out in note 21.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 13. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

### Property, plant and equipment

During the current interim period, the Group consumed approximately RMB709,877,000 (for the six months ended 30 June 2023: RMB478,496,000) mainly on the construction of its manufacturing plants in Thailand and the PRC and the acquisition of other plant, machinery and equipment in order to upgrade the Group's manufacturing capabilities.

During the current interim period, the Group mainly wrote off certain machineries with an aggregate carrying amount of approximately RMB1,811,000 (for the six months ended 30 June 2023: disposed certain plant and machinery amounting to RMB9,875,000 with proceeds of RMB714,000), resulting in a loss on written off of RMB1,811,000 (for the six months ended 30 June 2023: loss on disposal of RMB9,161,000).

### Impairment assessment on property, plant and equipment

Since the period ended 30 June 2023, the ongoing customers-basis transfer plan of Xingda Steel Cord (Thailand) Company Limited ("Xingda Thailand"), a non-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. And 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.

Based on the result of the assessment, the recoverable amounts of relevant property, plant and equipment as at 30 June 2024 are approximate the carrying amount of RMB940,943,000 with no impairment loss was recognised/reversed during the current interim period (during the period ended 30 June 2023: impairment loss of RMB91,623,000 was recognised on the relevant property, plant and equipment).

### Investment properties

The fair value of investment properties at 30 June 2024 were assessed by the management by reference to the market situation and valuation model formulated by the external independent qualified valuer engaged by the Group in preparing the Group's consolidated financial statements for the year ended 31 December 2023, revisited and determined the appropriate assumptions and inputs for valuing the investment properties under the investment approach. In the opinion of the management, the aggregate carrying amounts of the Group's investment properties in Shanghai, the PRC, as at the end of the current interim period does not differ significantly from their estimated fair value. Consequently, no gain or loss on fair value changes has been recognised in the current interim period.

Details of the Group's investment properties and information about the fair value hierarchy as at 30 June 2024 are as follows:

	<b>Level 3</b> RMB'000
Office premises located in Shanghai	<u>117,300</u>

There were no transfers into or out of Level 3 during the periods.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 14. DEFERRED TAXATION

The following is the analysis of the deferred tax balances for financial reporting purposes:

	<b>As at 30 June 2024 (unaudited) RMB'000</b>	As at 31 December 2023 (audited) RMB'000
Deferred tax assets	<b>171,279</b>	170,546
Deferred tax liabilities	<b>(60,130)</b>	(59,473)
	<b><u>111,149</u></b>	<u>111,073</u>

The following are the major deferred tax assets (liabilities) recognised and movements thereon during the current and prior periods:

	Impairment loss recognised on property, plant and equipment RMB'000	Unrealised gain from property, plant and equipment transferred between group entities RMB'000 <i>(Note)</i>	Differences between accounting depreciation and tax depreciation RMB'000	Allowance for credit losses RMB'000	Fair value change on investment properties RMB'000	Fair value adjustment arising from acquisition of subsidiary RMB'000	Undistributed profits of a subsidiary RMB'000	Total RMB'000	
At 1 January 2024	18,325	62,388	70,763	(8,692)	19,070	(21,447)	(3,168)	(26,166)	111,073
(Charge) credit to profit or loss	-	(1,465)	724	(240)	1,474	(489)	72	-	76
<b>At 30 June 2024</b>	<b><u>18,325</u></b>	<b><u>60,923</u></b>	<b><u>71,487</u></b>	<b><u>(8,932)</u></b>	<b><u>20,544</u></b>	<b><u>(21,936)</u></b>	<b><u>(3,096)</u></b>	<b><u>(26,166)</u></b>	<b><u>111,149</u></b>

*Note:* The deferred tax assets represent tax impact of temporary differences between the carrying amount of the property, plant and equipment transferred and their tax bases.

At the end of the reporting period, the Group has unused tax losses of approximately RMB265,509,000 (31 December 2023: RMB227,261,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the unused tax losses due to the unpredictability of future profit streams.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 15. TRADE, BILLS AND OTHER RECEIVABLES

The Group has a policy of allowing an average credit period of 120 days to its trade customers.

	<b>As at 30 June 2024 (unaudited) RMB'000</b>	As at 31 December 2023 (audited) RMB'000
Trade receivables – goods	<b>4,693,180</b>	4,203,571
Less: Allowance for credit losses	<b>(74,839)</b>	(68,942)
	<b>4,618,341</b>	4,134,629
Bills receivables	<b>3,219,148</b>	3,395,046
Less: Allowance for credit losses	<b>(1,950)</b>	(1,950)
	<b>3,217,198</b>	3,393,096
	<b>7,835,539</b>	7,527,725
Advances to suppliers of raw materials	<b>424,228</b>	379,121
Prepayments for spool	<b>33,457</b>	26,003
Value-added tax receivable	<b>74,437</b>	67,147
Other receivables	<b>26,791</b>	22,894
Other prepayments	<b>10,984</b>	10,469
Less: Allowance for credit losses on other receivables	<b>(5,262)</b>	(5,262)
	<b>564,635</b>	500,372
	<b>8,400,174</b>	8,028,097



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 16. TRADE, BILLS AND OTHER PAYABLES

	<b>As at 30 June 2024 (unaudited) RMB'000</b>	As at 31 December 2023 (audited) RMB'000
Trade payables	<b>3,143,855</b>	2,870,066
Bills payables ( <i>Note</i> )	<b>890,000</b>	615,000
	<b>4,033,855</b>	3,485,066
Value-added tax payables and other tax payables	<b>24,921</b>	35,772
Accrued staff costs and pension	<b>183,805</b>	253,386
Payables for purchase of property, plant and equipment	<b>1,233,043</b>	1,033,570
Amount due to a related party	<b>16,156</b>	8,018
Accrued interest expenses	<b>4,424</b>	10,326
Accrued expenses	<b>145,106</b>	142,158
Others	<b>45,442</b>	46,987
	<b>1,652,897</b>	1,530,217
	<b>5,686,752</b>	5,015,283

*Note:* These relate to trade payables in which the Group has issued bills to the relevant suppliers for future settlement of trade payables. The Group continues to recognise these trade payables 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 condensed consolidated statement of cash flows, settlements of these bills are included within operating cash flows based on the nature of the arrangements.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 16. TRADE, BILLS AND OTHER PAYABLES – CONTINUED

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

	<b>As at 30 June 2024 (unaudited) RMB'000</b>	As at 31 December 2023 (audited) RMB'000
Trade payables		
0 – 90 days	<b>1,800,219</b>	1,753,699
91 – 180 days	<b>1,054,879</b>	522,374
181 – 360 days	<b>136,116</b>	373,815
Over 360 days	<b>152,641</b>	220,178
	<b><u>3,143,855</u></b>	<u>2,870,066</u>
Bills payables		
0 – 90 days	<b>305,000</b>	187,202
91 – 180 days	<b>585,000</b>	427,798
	<b><u>890,000</u></b>	<u>615,000</u>

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.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 17. BORROWINGS

	<b>As at 30 June 2024 (unaudited) RMB'000</b>	As at 31 December 2023 (audited) RMB'000
Bank borrowings	<u><b>7,265,547</b></u>	<u>6,630,050</u>
Secured	<b>1,932,296</b>	2,147,478
Unsecured	<u><b>5,333,251</b></u>	<u>4,482,572</u>
	<u><b>7,265,547</b></u>	<u>6,630,050</u>
Analysed for reporting purposes as:		
Current	<b>5,588,047</b>	6,120,325
Non-current	<u><b>1,677,500</b></u>	<u>509,725</u>
	<u><b>7,265,547</b></u>	<u>6,630,050</u>

During the current interim period, the Group obtained new bank borrowings amounting to RMB5,328,977,000 (for the six months ended 30 June 2023: RMB3,314,417,000), proceeds of which were used as working capital (for the six months ended 30 June 2023: as working capital). The Group also settled bank borrowings amounting to RMB4,607,722,000 (for the six months ended 30 June 2023: RMB3,331,892,000).

The borrowings carry interest at market rates. The range of effective interest rates (which are also equal to contracted interest rates) on the Group's bank borrowings are as follows:

	<b>As at 30 June 2024</b>	As at 31 December 2023
Effective interest rates:		
Fixed-rate borrowings	<b>1.60% – 3.90%</b>	1.35% – 3.90%
Variable-rate borrowings	<b>2.60% – 3.20%</b>	2.90% – 7.73%

As at 30 June 2024, secured bank borrowings amounting to RMB1,932,296,000 (31 December 2023: RMB2,147,478,000) were secured by term deposits and bills receivables of the Group amounting to RMB1,355.0 million and RMB241.2 million, respectively (31 December 2023: secured by term deposits, leasehold lands and bills receivables amounting to RMB885.2 million, RMB195.7 million and RMB174.0 million, respectively).



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 18. DEFERRED INCOME

	<b>As at 30 June 2024 (unaudited) RMB'000</b>	As at 31 December 2023 (audited) RMB'000
Analysed for reporting purposes as:		
Non-current liability	<u><b>285,950</b></u>	<u>283,053</u>

During the current interim period, the Group received government grant of RMB5,500,000 (for the six months ended 30 June 2023: RMB22,917,000) to support the Group's industrial projects and technology improvements. The amount has been accounted for as deferred income and released to income over the useful lives of the relevant assets. As at 30 June 2024, balance of deferred income of RMB285,950,000 (31 December 2023: RMB283,053,000) remained to be amortised and for the six months ended 30 June 2024, deferred income released to profit or loss amounted to RMB2,603,000 (for the six months ended 30 June 2023: RMB11,058,000) as set out in note 6.

## 19. OBLIGATIONS ARISING FROM REPURCHASE OF SHARES

	<b>As at 30 June 2024 (unaudited) RMB'000</b>	As at 31 December 2023 (audited) RMB'000
Analysed for reporting purposes as:		
Current liability	<u><b>221,111</b></u>	<u>223,944</u>

On 16 December 2020, Jiangsu Xingda, an indirectly non-wholly owned subsidiary of the Company, entered into Capital Increase Agreements with five strategic investors (hereinafter collectively referred to as the "Investors"), namely, 成山集團有限公司 (Chengshan Group Co., Ltd.\*), 玲瓏輪胎有限公司 (Linglong Tire Co., Ltd.\*), 賽輪集團股份有限公司 (Sailun Group Co., Ltd.\*), 三角輪胎股份有限公司 (Triangle Tyre Co., Ltd.\*) and 嘉興建信宸玥股權投資合夥企業(有限合夥) (Jiaxing Jianxin Chenyue Equity Investment Enterprise (Limited Partnership)\*), pursuant to which the Investors subscribed for, in aggregate, 3.35% of the equity interest, representing RMB63,888,885 of enlarged paid-in capital of Jiangsu Xingda, by way of cash contribution at an aggregate consideration of RMB230,000,000.

The Capital Increase Agreements each contains a share repurchase arrangement, pursuant to which Jiangsu Xingda granted put option to the Investors to demand Faith Maple to repurchase their shares at an agreed price equivalent to full consideration of the capital injection plus imputed interest at 8% per annum deducting all dividend (including tax) declared and received from Jiangsu Xingda starting from the date of payment of share subscription, if Jiangsu Xingda does not complete the A share initial public offering and become listed on either the Shanghai Stock Exchange or Shenzhen Stock Exchange by 31 December 2022.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 19. OBLIGATIONS ARISING FROM REPURCHASE OF SHARES – CONTINUED

In January 2023, Jiaxing Jianxin Chenyue, who held equity interests representing approximately 0.44% of the total issued capital of Jiangsu Xingda, exercised the put option and entered into an equity transfer agreement with Xingda Xiu Yuan and Xingda Xiu Yuan purchased all the aforesaid equity interests in Jiangsu Xingda held by Jiaxing Chenyue (the “Relevant Transfer”) at a consideration of RMB32,565,000, representing full consideration of its capital injection plus imputed interest at 8% per annum deducting all dividend (including tax) received from Jiangsu Xingda starting from the date of payment of share subscription. Upon the completion of the Relevant Transfer, obligation arising from repurchases of shares to Jiaxing Jianxin Chenyue amounting to RMB32,565,000 is derecognised and Xingda Xiu Yuan became a non-controlling interests of the Group since then.

The obligation of Faith Maple arising from repurchase of shares was regarded as a financial liability with present value of RMB221,111,000 as at 30 June 2024 (31 December 2023: RMB223,944,000). The imputed interest of 8% per annum charged to profit or loss under finance costs during the current interim period amounted to RMB8,000,000 (for the six months ended 30 June 2023: RMB7,999,000) and dividends received from Jiangsu Xingda amounted to RMB10,833,000 (for the six months ended 30 June 2023: RMB9,167,000), which was deducted from the obligations arising from repurchase of shares.

\* For identification only

## 20. SHARE CAPITAL

	Number of shares		Share capital	
	30 June 2024 '000	31 December 2023 '000	30 June 2024 RMB'000	31 December 2023 RMB'000
Authorised:				
3 billion ordinary shares of HK\$0.1 each	<u>3,000,000</u>	<u>3,000,000</u>	<u>301,410</u>	<u>301,410</u>
Issued and fully paid:				
At beginning of period/year	<b>1,662,445</b>	1,662,445	<b>163,218</b>	163,218
Issuance of shares	<u>257,680</u>	<u>–</u>	<u>23,385</u>	<u>–</u>
At end of period/year	<u><b>1,920,125</b></u>	<u>1,662,445</u>	<u><b>186,603</b></u>	<u>163,218</u>

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) (equivalent to RMB23,385,000) have been issued at subscription price of HK\$1.31 per subscription share to the subscribers. The gross proceeds from the subscriptions amounted to approximately HK\$337.6 million (equivalent to RMB306.3 million) as presented in the Condensed Consolidated Statement of Changes in Equity.

As at 30 June 2024, included the issued and fully paid ordinary shares, 2,139,665 shares are held by trustee under share-award scheme (31 December 2023: 2,139,665 shares).

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 21. SHARE-BASED PAYMENT

The Company's share-award scheme (the "Scheme"), was adopted pursuant to a resolution passed on 4 September 2009 for the primary purpose of providing incentives to the participants of the Scheme (the "Participants") including the directors and certain employees of the Group, to achieve performance goals which in turn achieve the objectives of increasing the value of the Group and align the interests of the directors and eligible employees directly to the shareholders of the Company through ownership of shares. A trustee, as an independent third party, was appointed by the Company for the administration of the Scheme. The trustee shall purchase the Company's shares from the market out of cash contributed by the Company and shall hold such shares in trust until they are vested to the Participants in accordance to the rules of the Scheme.

The following table discloses number of awarded shares outstanding during the current interim period as follows:

	Number of awarded shares		
	Awarded shares granted in 2019 (Note a)	Awarded shares granted in 2021 (Note b)	Total
Outstanding as at 1 January 2023	6,666,667	15,000,000	21,666,667
Forfeited during the period (Note c)	<u>(867,000)</u>	<u>(2,025,000)</u>	<u>(2,892,000)</u>
Outstanding as at 30 June 2023	<u>5,799,667</u>	<u>12,975,000</u>	<u>18,774,667</u>
Outstanding as at 1 January 2024	5,799,667	12,975,000	18,774,667
Forfeited during the period (Note c)	<u>(800,000)</u>	<u>(1,875,000)</u>	<u>(2,675,000)</u>
<b>Outstanding as at 30 June 2024</b>	<b><u>4,999,667</u></b>	<b><u>11,100,000</u></b>	<b><u>16,099,667</u></b>

Notes:

- (a) The awarded shares granted in 2019 would be vested in tranches annually since the year of 2022.
- (b) The awarded shares granted in 2021 would be vested in tranches annually since the year of 2025.
- (c) The awarded shares forfeited during the period are resulting from the retirement/resignation of the directors of the Company.

The Group recognised the total expenses of approximately RMB93,000 for the six months ended 30 June 2024 (for the six months ended 30 June 2023: RMB2,796,000) in relation to shares granted under the Scheme by the Company.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 22. CAPITAL COMMITMENTS

	<b>As at 30 June 2024 (unaudited) RMB'000</b>	As at 31 December 2023 (audited) RMB'000
Capital expenditure in respect of the acquisition of property, plant and equipment and freehold land contracted for but not provided in the condensed consolidated financial statements	<u><b>200,839</b></u>	<u>228,739</u>

## 23. RELATED PARTY TRANSACTIONS

During the period, the Group entered into significant transactions with a related party as follows:

<b>Name of related party</b>	<b>Nature of transaction</b>	<b>Six months ended 30 June</b>	
		<b>2024 (unaudited) RMB'000</b>	2023 (unaudited) RMB'000
Xingda Xiu Yuan ( <i>Note a</i> )	Services fee for hotel and catering services	<b>11,990</b>	8,377
	Provision of utilities	<b>245</b>	212
	Dividend declared and paid	<u><b>1,625</b></u>	<u>1,375</u>

*Note:*

- (a) Xingda Xiu Yuan is a limited company controlled by a director of the Company.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 23. RELATED PARTY TRANSACTIONS – CONTINUED

### Compensation of key management personnel

The remuneration of directors and other members of key management during the period was as follows:

	Six months ended 30 June	
	2024 (unaudited) RMB'000	2023 (unaudited) RMB'000
Short-term benefits	22,077	15,201
Post-employment benefits	318	171
Share-based payments	93	2,080
	<u>22,488</u>	<u>17,452</u>

The remuneration of directors and key management is determined by the Remuneration and Management Development Committee having regard to the performance of individuals and market trends.

## 24. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The management considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate to their corresponding fair values.

### Fair value of the Group's financial assets that are measured at fair value on a recurring basis

The Group's financial assets, representing listed equity securities in Hong Kong Market, are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used) as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

#### Financial assets

	Fair value as at		Fair value hierarchy	Valuation technique and key inputs	Relationship of unobservable inputs to fair value
	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)			
Financial assets at FVTPL	133,426	69,448	Level 1	Quoted price in active market	N/A

Note: There were no transfers between level 1 to level 2 during the six months ended 30 June 2024 and 2023.