XINGDA

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XINGDA INTERNATIONAL HOLDINGS LIMITED

興 達 國 際 控 股 有 限 公 司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 01899)

FINAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014

FINANCIAL HIGHLIGHTS

	2014 **_RMB in million_**	2013 *RMB in million*	**Change**
Revenue	**5,594.9**	5,585.2	**+0.2%**
Gross profit margin	**22.8%**	24.8%	**-2.0pp**
Profit attributable to owners of the Company	**327.8**	414.8	**-21.0%**
Adjusted profit attributable to owners of the Company (note)	**336.5**	414.7	**-18.9%**
Earning per share	**21.51**	27.20	**-20.9%**
Gearing ratio	**8.1%**	10.4%	**-2.3pp**
Net debts to equity ratio	**5.5%**	12.0%	**-6.5pp**
Proposed final dividend/Final dividend per share (HK cents)	**13.0**	16.0	**-18.8%**

Note: It is defined as profit attributable to owners of the Company excluding deferred tax charge related to the provision of withholding tax and exchange difference arising from non-operating activities. Please refer to "Reconciliation of report profit and underlying profit" under "Financial Review" in "Management Discussion and Analysis" section of this announcement for details.

RESULTS

The board of directors (the “Board”) of Xingda International Holdings Limited (the “Company” or "Xingda") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2014 together with the comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2014

	NOTES	**2014** *RMB’000*	2013 *RMB’000*
Revenue	5	**5,594,925**	5,585,206
Cost of sales		**(4,321,990)**	(4,199,809)
Gross profit		**1,272,935**	1,385,397
Other income	6	**35,845**	48,417
Government grants		**35,871**	27,238
Selling and distribution expenses		**(362,323)**	(356,350)
Administrative expenses		**(272,090)**	(269,234)
Other expenses and losses, net	7	**(86,425)**	(47,747)
Share of (loss) profit of a joint venture		**(122)**	2,212
Finance costs	8	**(48,941)**	(64,277)
Profit before tax		**574,750**	725,656
Income tax expense	9	**(111,891)**	(149,755)
Profit for the year	10	**462,859**	575,901
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss:			
Gain on revaluation of available-for-sale investment		**66,600**	—
Deferred tax liability on recognition on fair value gain on available-for-sale investment		**(9,990)**	—
Other comprehensive income for the year net of tax		**56,610**	—
Total comprehensive income for the year net of tax		**519,469**	575,901
Profit for the year attributable to:			
Owners of the Company		**327,788**	414,810
Non-controlling interests		**135,071**	161,091
		462,859	575,901

	NOTE	2014 RMB'000	2013 RMB'000
Total comprehensive income for the year attributable to:			
Owners of the Company		**367,155**	414,810
Non-controlling interests		**152,314**	161,091
		519,469	575,901
Earnings per share	12		
Basic (RMB fen)		**21.51**	27.20

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	NOTES	**2014**	2013
		RMB'000	*RMB'000*
ASSETS AND LIABILITIES			
NON-CURRENT ASSETS			
Property, plant and equipment		**3,679,700**	3,713,786
Prepaid lease payments		**233,215**	239,027
Investment properties		**130,240**	133,300
Interest in a joint venture		**250,810**	250,932
Available-for-sale investment		**201,000**	—
Deferred tax assets		**10,493**	15,947
Prepayment		**11,583**	10,000
Deposits paid for purchase of property, plant and equipment		—	51,847
		4,517,041	4,414,839
CURRENT ASSETS			
Prepaid lease payments		**5,812**	5,812
Inventories		**544,497**	364,784
Trade and other receivables	13	**2,026,333**	1,982,966
Bill receivables	13	**2,493,087**	2,567,751
Amount due from a joint venture		—	3,650
Pledged bank deposits		**8,000**	34,000
Bank balances and cash		**530,910**	414,222
		5,608,639	5,373,185
CURRENT LIABILITIES			
Trade and other payables	14	**1,813,239**	1,434,003
Bill payables	14	**418,573**	496,893
Amount due to a related company		**4,257**	1,658
Tax payable		**45,736**	80,586
Bank borrowings - due within one year		**815,690**	1,016,077
Government grants		**10,000**	10,000
		3,107,495	3,039,217
NET CURRENT ASSETS		**2,501,144**	2,333,968
TOTAL ASSETS LESS CURRENT LIABILITIES		**7,018,185**	6,748,807
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**53,505**	50,685
NET ASSETS		**6,964,680**	6,698,122

	NOTE	**2014**	2013
		RMB'000	*RMB'000*
CAPITAL AND RESERVES			
Share capital	15	**150,251**	150,999
Reserves		**5,030,489**	4,874,497
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**5,180,740**	5,025,496
NON-CONTROLLING INTERESTS		**1,783,940**	1,672,626
TOTAL EQUITY		**6,964,680**	6,698,122

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2014

	2014	2013
	RMB'000	*RMB'000*
OPERATING ACTIVITIES		
Profit before tax	**574,750**	725,656
Adjustments for:		
Depreciation and amortisation	**442,554**	443,218
Interest income	**(5,419)**	(5,850)
Loss (gain) on fair value change on investment properties	**3,060**	(3,100)
Share of loss (profit) of a joint venture	**122**	(2,212)
Loss on disposal of property, plant and equipment	**12,449**	3,998
Impairment loss recognised on trade and other receivables	**10,424**	7,847
Write-off of trade receivables	**1,888**	335
Recovery of doubtful debts	**(7,857)**	(16,028)
Recognition of equity-settled share-based payment	**11,283**	19,598
Finance costs	**48,941**	64,277
Operating cash flows before movements in working capital	**1,092,195**	1,237,739
(Increase) decrease in inventories	**(179,713)**	68,519
Increase in trade and other receivables	**(47,822)**	(332,921)
Increase in bill receivables	**(101,413)**	(435,290)
(Decrease) increase in bill payables	**(78,320)**	227,630
(Increase) decrease in prepayment	**(1,583)**	3,000
Increase in trade and other payables	**368,630**	31,282
Increase (decrease) in amount due to a related company	**2,599**	(346)
Purchase of shares for the purpose of share award scheme	**(10,920)**	(22,441)
Cash generated from operations	**1,043,653**	777,172
Income tax paid	**(148,457)**	(123,914)
NET CASH GENERATED FROM OPERATING ACTIVITIES	**895,196**	653,258
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(355,305)**	(313,002)
Purchase of available-for-sale investment	**(134,400)**	—
Placement of pledged bank deposits	**(85,500)**	(157,776)
Deposits paid for purchase of property, plant and equipment	—	(51,847)
Withdrawal of pledged bank deposits	**111,500**	181,776
Proceeds on disposal of property, plant and equipment	**2,653**	1,827
Interest received	**5,419**	5,850
Repayment from (advance to) a joint venture	**3,650**	(3,650)
NET CASH USED IN INVESTING ACTIVITIES	**(451,983)**	(336,822)

	2014	2013
	RMB'000	*RMB'000*
FINANCING ACTIVITIES		
Repayment of bank loans	**(1,220,000)**	(1,948,550)
Dividend paid	**(191,812)**	(185,455)
Dividend paid to non-controlling shareholders	**(41,000)**	—
Interest paid	**(48,941)**	(64,277)
Payment for repurchase of ordinary shares	**(20,462)**	—
New bank loans raised	**1,195,690**	1,774,627
NET CASH USED IN FINANCING ACTIVITIES	**(326,525)**	(423,655)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**116,688**	(107,219)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**414,222**	521,441
CASH AND CASH EQUIVALENTS AT 31 DECEMBER represented by bank balances and cash	**530,910**	414,222

NOTES

1. GENERAL

The Company is a limited company incorporated in the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The registered office of the Company is located at Cricket Square, Hutchins Drive, P. O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of its business is Xinghua City, Jiangsu Province, The People's Republic of China (the "PRC").

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

The Company is an investment holding company and the Group is engaged in the manufacture and trading of radial tire cords, bead wires and sawing wires.

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

The Group has applied the following amendments to IFRSs and the new Interpretation issued by the International Accounting Standard Board ("IASB") for the first time in the current year:

Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to IAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting
IFRIC 21	Levies

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

New and revised IFRSs in issue but not yet effective

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

IFRS 9	Financial Instruments[1]
IFRS 14	Regulatory Deferral Accounts[2]
IFRS 15	Revenue from Contracts with Customers[3]
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations[5]
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[5]
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions[4]
Amendments to IFRSs	Annual Improvements to IFRSs 2010-2012 Cycle[6]
Amendments to IFRSs	Annual Improvements to IFRSs 2011-2013 Cycle[4]
Amendments to IFRSs	Annual Improvements to IFRSs 2012-2014 Cycle[5]
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants[5]
Amendments to IAS 27	Equity Method in Separate Financial Statements[5]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]

1 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

2 Effective for first annual IFRS financial statements beginning on or after 1 January 2016, with earlier application permitted.

3 Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

4 Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.

5 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

6 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions. Early application is permitted.

IFRS 9 Financial Instruments

IFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9 are described below:

- All recognised financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The Directors anticipate that the application of IFRS 9 in the future may not have a significant impact on the amounts reported in respect of the Group's financial assets and financial liabilities.

IFRS 15 Revenue from Contracts with Customers

In July 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The Directors anticipate that the application of IFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the Group performs a detailed review.

Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations

The amendments to IFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in IFRS 3 *Business Combinations*. Specifically, the amendments state that the relevant principles on accounting for business combinations in IFRS 3 and other standards (e.g. IAS 36 *Impairment of Assets* regarding impairment testing of a cash generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

A joint operator is also required to disclose the relevant information required by IFRS 3 and other standards for business combinations.

The amendments to IFRS 11 apply prospectively for annual periods beginning on or after 1 January 2016. The Directors do not anticipate that the application of these amendments to IFRS 11 will have a material impact on the Group's consolidated financial statements.

Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

(a) when the intangible asset is expressed as a measure of revenue; or
(b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Currently, the Group uses the straight-line method for depreciation and amortisation for its property, plant and equipment, and intangible assets respectively. The Directors believe that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets and accordingly, the Directors do not anticipate that the application of these amendments to IAS 16 and IAS 38 will have a material impact on the Group's consolidated financial statements.

Amendments to IAS 27 Equity Method in Separate Financial Statements

The amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements

- At cost
- In accordance with IFRS 9 *Financial Instruments* (or IAS 39 *Financial Instruments: Recognition and Measurement* for entities that have not yet adopted IFRS 9), or
- Using the equity method as described in IAS 28 *Investments in Associates and Joint Ventures*.

The accounting option must be applied by category of investments.

The amendments also clarify that when a parent ceases to be an investment entity, or becomes an investment entity, it shall account for the change from the date when the change in status occurred.

In addition to the amendments to IAS 27, there are consequential amendments to IAS 28 to avoid a potential conflict with IFRS 10 *Consolidated Financial Statements* and to IFRS 1 *First-time Adoption of International Financial Reporting Standards*.

The Directors do not anticipate that the application of these amendments to IAS 27 will have a material impact on the Group's consolidated financial statements

Annual Improvements to IFRSs 2010-2012 Cycle

The *Annual Improvements to IFRSs 2010-2012 Cycle* include a number of amendments to various IFRSs, which are summarised below.

The amendments to IFRS 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to IFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to IFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of IFRS 9 or IAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to IFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

The amendments to IFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of IFRS 13 clarify that the issue of IFRS 13 and consequential amendments to IAS 39 and IFRS 9 did not remove the ability to measure short- term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial. As the amendments do not contain any effective date, they are considered to be immediately effective.

The amendments to IAS 16 and IAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to IAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The Directors do not anticipate that the application of these amendments will have a material effect on the Group's consolidated financial statements.

Annual Improvements to IFRSs 2011-2013 Cycle

The *Annual Improvements to IFRSs 2011-2013 Cycle* include a number of amendments to various IFRSs, which are summarised below.

The amendments to IFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to IFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within IAS 32.

The amendments to IAS 40 clarify that IAS 40 and IFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

(a) the property meets the definition of investment property in terms of IAS 40; and
(b) the transaction meets the definition of a business combination under IFRS 3.

The Directors do not anticipate that the application of these amendments will have a material effect on the Group's consolidated financial statements.

Annual Improvements to IFRSs 2012-2014 Cycle

The *Annual Improvements to IFRSs 2012-2014 Cycle* include a number of amendments to various IFRSs, which are summarised below.

The amendments to IFRS 5 introduce specific guidance in IFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa), or when held-for-distribution accounting is discontinued. The amendments apply prospectively.

The amendments to IFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets and clarify that the offsetting disclosures (introduced in the amendments to IFRS 7 *Disclosure - Offsetting Financial Assets and Financial Liabilities* issued in December 2011 and effective for periods beginning on or after 1 January 2013) are not explicitly required for all interim periods. However, the disclosures may need to be included in condensed interim financial statements to comply with IAS 34 *Interim Financial Reporting*.

The amendments to IAS 19 clarify that the high quality corporate bonds used to estimate the discount rate for post-employment benefits should be issued in the same currency as the benefits to be paid. These amendments would result in the depth of the market for high quality corporate bonds being assessed at currency level. The amendments apply from the beginning of the earliest comparative period presented in the financial statements in which the amendments are first applied. Any initial adjustment arising should be recognised in retained earnings at the beginning of that period.

The amendments to IAS 34 clarify the requirements relating to information required by IAS 34 that is presented elsewhere within the interim financial report but outside the interim financial statements. The amendments require that such information be incorporated by way of a cross-reference from the interim financial statements to the other part of the interim financial report that is available to users on the same terms and at the same time as the interim financial statements.

The Directors do not anticipate that the application of these will have a material effect on the Group's consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for certain properties and financial instruments which are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

4. SEGMENT INFORMATION

The Directors, being the chief operating decision maker of the Group, regularly review revenue analysis by types of products which are basically radial tire cords, bead wires and sawing wires, for the purposes of resource allocation and assessment of performance. However, other than revenue analysis, no operating results and other discrete financial information is available for the assessment of performance of the respective types of products. The Directors review the operating results of the Group as a whole to make decisions about resource allocation. The operation of the Group constitutes one single operating and reportable segment under IFRS 8 "Operating Segments" and accordingly no separate segment information is prepared. The Group's non-current assets (other than deferred tax assets) are located in the PRC.

Revenue from major products

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

	Year ended	
	2014	2013
	RMB'000	*RMB'000*
Radial Tire Cords		
- For Trucks	**3,428,443**	3,501,775
- For Passenger Cars	**1,699,786**	1,576,374
Bead Wires	**399,032**	396,478
Sawing Wires	**67,664**	110,579
	5,594,925	5,585,206

Geographical information

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

	2014	2013
	RMB'000	*RMB'000*
The PRC (country of domicile)	**4,465,483**	4,557,676
Korea	**216,782**	197,159
India	**209,448**	174,793
United States of America	**170,848**	176,923
Germany	**85,347**	87,775
Others	**447,017**	390,880
	5,594,925	5,585,206

"Others" included revenue from various countries which are individually immaterial to the Group's total revenue.

Information about major customers

Revenues from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2014	2013
	RMB'000	*RMB'000*
Customer 1	**653,418**	632,972

5. REVENUE

Revenue represents amounts received and receivable for sales of radial tire cords, bead wires and sawing wires in the normal course of business, net of discount.

6. OTHER INCOME

	2014	2013
	RMB'000	*RMB'000*
Sales of scrap materials	**19,487**	27,292
Interest income earned on bank balances and bank deposits	**5,419**	5,850
Cash discounts received on early settlement of trade payables	**18**	3,050
Gain on fair value change of investment properties	**—**	3,100
Sundry income	**10,921**	9,125
	35,845	48,417

7. OTHER EXPENSES AND LOSSES, NET

	2014	2013
	RMB'000	*RMB'000*
Loss on fair value change of investment properties	**3,060**	—
Loss on disposal of property, plant and equipment	**12,449**	3,998
Research and development expenditure	**57,078**	39,229
Impairment loss recognised on trade and other receivables	**10,424**	7,847
Write-off of trade receivables	**1,888**	335
Recovery of doubtful debts	**(7,857)**	(16,028)
Exchange loss, net	**9,383**	12,366
	86,425	47,747

8. FINANCE COSTS

	2014	2013
	RMB'000	*RMB'000*
Interest on:		
Bank loans wholly repayable within five years	**48,941**	59,530
Bill receivables discounted	**—**	4,747
	48,941	64,277

9. INCOME TAX EXPENSE

	2014	2013
	RMB'000	*RMB'000*
The charge comprises:		
Current tax	**118,010**	146,107
(Over)under provision in prior years	**(4,403)**	1,409
Deferred taxation	**(1,716)**	2,239
	111,891	149,755

The tax charge represents income tax in the PRC which is calculated at the prevailing tax rate of 25% for both years 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 of the Company is 25% from 1 January 2008 onwards except for the subsidiaries described below.

Jiangsu Xingda renewed its High-tech Enterprise Certificate which expired in 2011 with the relevant authorities and received the High-tech Enterprise Certificate on 22 April 2013. In accordance with the renewed High-tech Enterprise Certificate, the status of High-tech Enterprise is effective for the years 2013, 2014 and 2015. As a result, the tax rate of 15% is used to calculate the amount of current and deferred tax for the years ended 31 December 2014 and 2013.

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

The tax charge for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2014	2013
	RMB'000	*RMB'000*
Profit before tax	**574,750**	725,656
Tax at the PRC tax rate of 25%	**143,688**	181,414
Tax effect of expenses not deductible for tax purposes	**16,860**	18,065
Tax effect of income not taxable for tax purposes	**(14,948)**	(6,642)
Tax effect of preferential tax rate	**(22,817)**	(35,324)
Tax effect of share of loss (profit) of a joint venture	**30**	(553)
(Over)under provision in prior years	**(4,403)**	1,409
Withholding tax (Note)	**(6,405)**	(9,226)
Others	**(114)**	612
Tax charge for the year	**111,891**	149,755

Note: Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards at a tax rate of 10%. In 2014, one of the PRC subsidiaries, Jiangsu Xingda Special Cord Co., Ltd. ("Xingda Special Cords") has distributed previously proposed dividends of RMB 111,000,000 (2013: RMB178,000,000) and proposed additional dividends on 2014's earnings to its immediate holding company, Faith Maple International Ltd.("Faith Maple") which was not accredited as a PRC tax resident as at 31 December 2014 and up to the date of these consolidated financial statements which were authorised for issuance.

As a result, a deferred tax credit of approximately RMB6,405,000 (2013: provision of RMB9,226,000) was provided in these consolidated financial statements. No deferred taxation has been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries other than Xingda Special Cords amounting to RMB2,165 million (2013: RMB1,669 million), as the Group is able to control the timing of the reversal of the temporary differences of these PRC subsidiaries and it is probable that the temporary differences will not reverse in the foreseeable future.

10. PROFIT FOR THE YEAR

	2014	2013
	RMB'000	*RMB'000*
Profit for the year has been arrived at after charging (crediting):		
Staff cost, including directors' remuneration		
Salaries, wages and other benefits	**480,348**	442,161
Retirement benefits scheme contributions	**34,452**	28,216
Share-based payments	**11,283**	19,598
Total staff costs	**526,083**	489,975
Amortisation of prepaid lease payments	**5,812**	5,812
Auditor's remuneration	**1,815**	1,783
Cost of inventories recognised as an expense	**4,321,990**	4,199,809
Depreciation for property, plant and equipment	**436,742**	437,406
Gross rental income from investment properties	**(6,394)**	(4,320)
Less: direct operating expenses incurred for investment properties that generated rental income during the year	**370**	275
	(6,024)	(4,045)

11. DIVIDEND

	2014	2013
	RMB'000	*RMB'000*
Dividend recognised as distribution during the year:		
Final dividend paid in respect of the year ended 31 December 2013 – 16.0 HK cents per share (2013: final dividend paid in respect of the year ended 31 December 2012 – 15.0 HK cents per share)	**191,812**	185,455
Final dividend proposed, 13.0 HK cents (financial year ended 31 December 2013: 16.0 HK cents) per share	**154,862**	191,812

A final dividend for the year ended 31 December 2014 of 13.0 HK cents (2013: 16.0 HK cents) per share has been proposed by the Directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

The dividend proposed for the year ended 31 December 2014 and the dividend paid for financial year ended 31 December 2013 will be or were paid out of share premium. Under the Companies Law (Revised) Chapter 22 of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions of its Memorandum of Association and Articles of Association and provided that immediately following the distribution of dividend the Company is able to pay its debts as they fall due in the ordinary course of business.

12. EARNINGS PER SHARE

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

	2014	2013
	RMB'000	*RMB'000*
Earnings		
Earnings for the purpose of basic earnings per share (profit for the year attributable to owners of the Company)	**327,788**	414,810

	2014	2013
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,523,812**	1,524,777

There was no potential ordinary shares outstanding during the years ended 31 December 2014 and 2013.

13. TRADE AND OTHER RECEIVABLES AND BILL RECEIVABLES

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

The Group accepts bills from various local customers as settlement when the trade receivables fall due. Before accepting the bills, the Group would confirm with the relevant banks on the validity of the bills. It is the Group's practice to utilise bills received to settle certain of its debts. The aged analysis of bill receivables is presented based on the invoice date as at the end of the reporting period which approximated the respective revenue recognition dates.

	2014	2013
	RMB'000	*RMB'000*
Trade receivables		
0 - 90 days	**1,417,477**	1,619,676
91 - 120 days	**215,274**	125,143
121 - 180 days	**214,540**	132,503
181 - 360 days	**128,198**	64,409
Over 360 days	**—**	1,328
	1,975,489	1,943,059

Advance to raw material suppliers	**—**	2,566
Prepayment for spools	**26,637**	16,320
Other receivables and prepayments	**24,327**	21,141
Less: Allowance for doubtful debts on other receivables	**(120)**	(120)
	50,844	39,907
	2,026,333	1,982,966
Bill receivables		
0 - 90 days	**278,043**	277,485
91 - 180 days	**890,119**	1,115,427
181 - 360 days	**1,192,080**	1,127,077
Over 360 days	**132,845**	47,762
	2,493,087	2,567,751

14. TRADE AND OTHER PAYABLES AND BILL PAYABLES

The following is an aged analysis of trade payables and bill payables presented based on the invoice date at the end of the reporting period.

	2014	2013
	RMB'000	*RMB'000*
Trade payables		
0 - 90 days	**828,337**	806,926
91 - 180 days	**439,021**	101,787
181 - 360 days	**24,446**	35,123
Over 360 days	**2,695**	3,748
	1,294,499	947,584
Value-added tax payables and other tax payables	**43,014**	30,188
Accrued staff costs and pension	**202,309**	206,781
Payables for purchase of property, plant and equipment	**178,522**	167,916
Accrued interest expense	**1,393**	1,376
Accrued electricity charges	**53,322**	53,617
Others	**40,180**	26,541
	518,740	486,419
	1,813,239	1,434,003
Bill payables		
0 - 90 days	**76,607**	54,807
91 - 180 days	**144,210**	229,657
181 - 360 days	**167,584**	155,916
Over 360 days	**30,172**	56,513
	418,573	496,893

All Group's trade payables are denominated in the functional currency of the group entities.

The average credit period on purchase of goods is 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

15. SHARE CAPITAL

	Number of shares		Share capital	
	2014	2013	**2014**	2013
	'000	*'000*	***RMB'000***	*RMB'000*
Authorised:				
3 billion ordinary shares of HK$0.10 each	**3,000,000**	3,000,000	**301,410**	301,410
Issued and fully paid:				
At beginning of year	**1,524,777**	1,524,777	**150,999**	150,999
Repurchase of shares	**(9,490)**	—	**(748)**	—
At end of year	**1,515,287**	1,524,777	**150,251**	150,999

During the year ended 31 December 2014, the Company repurchased its own shares through the Stock Exchange of Hong Kong Limited as follows:

	No. of ordinary shares at HK$0.1 each	Price per share		Aggregate consideration Paid	
		Highest	Lowest		
	'000	*HK$*	*HK$*	*HK$'000*	*Equivalent to RMB'000*
October 2014	1,205	2.50	2.39	2,939	2,316
November 2014	4,314	2.85	2.65	12,107	9,522
December 2014	3,971	2.80	2.67	10,932	8,624
				25,978	20,462

The above shares were cancelled subsequently after their repurchase. Save as disclosed above and apart from the Company's shares purchased under the share award scheme of the Company as mentioned in this announcement below, neither the Company nor any of the Company's subsidiaries purchased, sold or redeemed any of the Company's shares during the year ended 31 December 2014.

16. SUBSEQUENT EVENT

Pursuant to the revised shareholders' agreement and articles of association of Shandong Xingda dated 24 January 2015 entered into between Faith Maple and the other two shareholders of Shandong Xingda, they stipulate that major operating decisions, including approvals of annual budgets and agreement entered into with any parties as well as the related parties of the shareholders with an amount equal to or more than RMB5,000,000, shall be approved by a simple majority of Shandong Xingda's board of directors. According to the composition of Shandong Xingda's board, Faith Maple is entitled to nominate 3 out of 5 directors and the other 2 shareholders are entitled to nominate one director each. Accompanied with the unchanged 51% shareholding interest in Shandong Xingda, Faith Maple has obtained the control of Shandong Xingda after the amendment of shareholders' agreement and articles of association of Shandong Xingda. Accordingly, Shandong Xingda has been recognised as a subsidiary of the Company with effective from 24 January 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

China's economy has experienced a slight downward trend in economic growth in 2014 which marked an important transition year. However, recognising its economy was slowing down, the Chinese government has embarked on a number of policy initiatives to implement a more significant structural transformation and adjustment in the coming years.

According to the China Rubber Industry Association, China's tire output has recorded a growth of 10.2% to approximately 562 million units, of which approximately 506 million units or 90% were radial tires. The Chinese government continues encouraging the use of radial tires in automobiles, requiring the radialisation rate for the tires of passenger cars, heavy-duty trucks and light-duty trucks to reach 100%, 90% and 85% respectively by 2015, according to the Tire Industry Policy announced by the Ministry of Industry and Information Technology of the People's Republic of China. Therefore, this favourable policy will continue to provide the impetus for the demand for radial tire cord.

According to the China Association of Automobile Manufacturers, China's production of trucks declined by 7.9% to approximately 3.20 million units in 2014. The decline was affected by the high base effect in 2013 which was brought by the purchase in advance for the implementation of the fourth stage of the national emission standards for motor vehicles (國家第四階段機動車污染物排放標準). However, China's production of passenger cars increased 7.6% to about 606,000 units, which could be explained by greater demand driven by higher disposable income per capita in China during 2014.

BUSINESS REVIEW

In this relatively unfavourable economic environment, Xingda's management has made concerted efforts to maintain its leading market position. Hence, Xingda managed to record moderate growth of 8.0% in its total sales volume to 592,600 tonnes in 2014. The sales volume of radial tire cord registered a 8.5% growth to 513,900 tonnes, which contributed around 86.7% of the Group's total sales volume (2013: 86.3%). Bead wire sales increased by 8.4% to 75,200 tonnes, accounting for 12.7% of the total sales volumeof the Group (2013: 12.7%), while the sales of sawing wire decreased by 36.4% to 3,500 tonnes, representing 0.6% of the Group's total sales volume (2013: 1.0%).

During the year under review, radial tire cord for trucks remained as the Group's primary product. Against the favourable backdrop of China's continuing construction projects and burgeoning logistics expansion in 2014, the sales volume of radial tire cord for trucks registered an increase of 5.3% to 335,300 tonnes. At the same time, driven by the growing replacement demand of the domestic automobile tire market together with the new orders from overseas customers, sales of radial tire cord for passenger cars reached 178,600 tonnes, up 15.0% from the previous year. Sales of radial tire cord for trucks and passenger cars represented around 65.2% and 34.8%, respectively, of the Group's total sales volume of radial tire cord products (2013: 67.2% and 32.8%).

Sales Volume	**2014** ***Tonnes***	2013 *Tonnes*	Change
Radial Tire Cords	**513,900**	473,700	+8.5%
- For Trucks	***335,300***	*318,400*	*+5.3%*
- For Passenger Cars	***178,600***	*155,300*	*+15.0%*
Bead Wires	**75,200**	69,400	+8.4%
Sawing Wires	**3,500**	5,500	-36.4%
Total	**592,600**	548,600	+8.0%

In 2014, when the robust demand from its automobile market is considered, China still remains as the Group's key revenue generator. As a result, a healthy increase of 6.6% was recorded in the Group's domestic sales volume of radial tire cord to 414,200 tonnes (2013: 388,600 tonnes), representing 80.6% of the Group's total sales volume for this product (2013: 82.0%). Meanwhile, the Group's global business also enjoyed steady growth. Internationally, sales to Asia (except China) region registered the best performance, and sales to North America region ranked second. The export sales volume of its radial tire cord increased by 17.2% to 99,700 tonnes (2013: 85,100 tonnes), which accounted for 19.4% of the Group's total sales volume of radial tire cord in 2014 (2013: 18.0%).

However, the Group's sales volume of sawing wire recorded a decline of 2,000 tonnes to a total volume of 3,500 tonnes (2013: 5,500 tonnes). The decrease is mainly due to vigourous competition in the Chinese sawing wire market.

As at the end of 2014, the annual production capacity of the Jiangsu factory increased from 520,000 tonnes to 560,000 tonnes. Meanwhile, the trial production of the new Shandong plant with an annual production capacity of 50,000 tonnes in Phase One has begun in the first quarter of 2015. This expansion raises the Group's annual production capacity of radial tire cord to 610,000 tonnes in 2015 upon commencement of the full operation of the Shandong plant. The annual production capacity of bead wire and sawing wire remains at 100,000 tonnes and 12,000 tonnes, respectively. With a cautious expansion plan for its Jiangsu factory, the Group continued to maintain a high overall utilisation rate of 90% (2013: 86%).

	2014 Production Capacity (Tonnes)	**2014 Utilization Rate**	2013 Production Capacity (Tonnes)	2013 Utilization Rate
Radial Tire Cords	**560,000**	**94%**	520,000	90%
Bead Wires	**100,000**	**76%**	100,000	69%
Sawing Wires	**12,000**	**30%**	12,000	45%
Overall	**672,000**	**90%**	632,000	86%

As at the end of 2014, the Group offered a wide variety of products, including 223 types of radial tire cord, 68 types of bead wire and 13 types of sawing wire.

FINANCIAL REVIEW

Revenue

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

RMB in million	**2014**	**Proportion**	2013	Proportion	Change
Radial Tire Cords	**5,128.2**	**92%**	5,078.1	91%	+1.0%
- For trucks	***3,428.4***	***61%***	*3,501.8*	*63%*	*-2.1%*
- For passenger cars	***1,699.8***	***31%***	*1,576.3*	*28%*	*+7.8%*
Bead wires	**399.0**	**7%**	396.5	7%	+0.6%
Sawing wires	**67.7**	**1%**	110.6	2%	-38.8%
Total	**5,594.9**	**100%**	5,585.2	100%	+0.2%

The Group's total revenue increased by 0.2% or RMB9.7 million to RMB5,594.9 million in 2014, mainly supported by the growth of sales of radial tire cord for passenger cars in both domestic and overseas markets. Domestic and overseas markets each accounted for around 79.8% and 20.2%, respectively, of the Group's total sales (2013: 81.6% and 18.4%).

Gross profit and gross profit margin

Gross profit decreased by 8.1% or RMB112.5 million to RMB1,272.9 million in 2014 (2013: RMB1,385.4 million), mainly due to the Group's strategic reduction of the average selling price of radial tire cord in response to the increasingly competitive market conditions. Hence, gross profit margin decreased 2.0 percentage points to 22.8% (2013: 24.8%).

Other income

Other income decreased by RMB12.6 million or 26.0% from RMB48.4 million in 2013 to RMB35.8 million for the year under review. The decrease was mainly caused by a decline in sales of scrap materials.

Government grant

Government grants for the year increased by 32.0% from RMB27.2 million in 2013 to RMB35.9 million mainly due to the increase in recurring subsidies from the local government.

Selling and distribution expenses

In 2014, selling and distribution expenses increased by RMB5.9 million or 1.7% to RMB362.3 million (2013: RMB356.4 million), which was mainly caused by higher shipping cost associated with higher sales volume.

Administrative expenses and other expenses and losses, net

Administrative expenses increased by RMB2.9 million or 1.1% to RMB272.1 million mainly due to the increase in depreciation and retirement benefits scheme contributions which have fully offset the decrease in staff costs. Other expenses and losses, net increased by RMB38.7 million or 81.1% from RMB47.7 million in 2013 to RMB86.4 million in 2014. The increase was mainly due to the increase in research and development expenditure, loss on disposal of property, plant and equipment as well as the impairment loss on trade receivables.

Finance costs

Finance costs dropped by RMB15.4 million or 24.0% to RMB48.9 million from RMB64.3 million in 2013. The decrease was mainly due to the drop of both the average balance of bank borrowings and the weighted average interest rate of bank borrowings.

Income tax expense

The Group’s income tax charge decreased by RMB37.9 million to RMB111.9 million with an effective tax rate of 19.5% (2013: 20.6%). The decrease in income tax expenses was mainly caused by the decline in operating profits.

Net profit

Taking the above factors into account, the Group's net profit for the year ended 31 December 2014 decreased by RMB113.0 million or 19.6% from RMB575.9 million in 2013 to RMB462.9 million. If the deferred tax charge related to the provision of withholding tax and net exchange gain or loss arising from non-operating activities were excluded, the adjusted net profit of the Group for the year ended 31 December 2014 have been RMB471.6 million, representing a decrease of RMB104.1 million or 18.1% when compared with previous year.

Reconciliation of report profit and underlying profit

	2014	2013
	RMB'000	*RMB'000*
Profit for the year	**462,859**	575,901
Deferred tax charges related to the provision of withholding tax	**3,585**	6,794
Net exchange loss (gain) arising from non-operating activities	**5,107**	(6,949)
Underlying profit for the year	**471,551**	575,746
Underlying profit for the year attributable to:		
Owners of the Company	**336,480**	414,655
Non-controlling interests	**135,071**	161,091
	471,551	575,746

LIQUIDITY, CAPITAL RESOURCES AND CAPITAL STRUCTURE

During the year under review, there was no significant change in the Group's funding and treasury policy. The principal source of liquidity and capital resources was cash flow generated from operating activities whereas the principal uses of cash were expansion of production capacity, purchase of investment in securities and payment of dividends.

Bank balances and cash including bank deposits of the Group increased by RMB116.7 million from RMB414.2 million as at 31 December 2013 to RMB530.9 million as at 31 December 2014. The increase was due to the cash generated from operating activities of RMB895.2 million exceeding the cash used in both investment and financing activities of RMB452.0 million and RMB326.5 million respectively.

Bank borrowings decreased by RMB200.4 million or 19.7% to RMB815.7 million as at 31 December 2014 from RMB1,016.1 million as at 31 December 2013. The bank borrowings carried interest at market rates from 1.43% to 5.70% (2013: 1.89% to 5.70%) and were repayable within one year from 31 December 2014.

The Group's current assets increased by 4.4% to RMB5,608.6 million as at 31 December 2014 from RMB5,373.2 million as at 31 December 2013 and its current liabilities increased by 2.2% from RMB3,039.2 million as at 31 December 2013 to RMB3,107.5 million as at 31 December 2014. The Group's current ratio, being defined as current assets over current liabilities, increased from 1.77 times as at 31 December 2013 to 1.80 times as at 31 December 2014. The increase was mainly caused by the increase in inventories. The gearing ratio which is measured by total debts (bank borrowings) to total assets decreased from 10.4% as at 31 December 2013 to 8.1% as at 31 December 2014 due to the decrease in bank borrowings repayable within one year and the increase in inventories.

FOREIGN EXCHANGE RISK

The Group's sales and purchases were principally denominated in renminbi, US dollars and euros. Part of the sales proceeds in US dollars and euros have been used to purchase imported raw materials in the same currencies, while the exchange rate fluctuation of renminbi did not have a significant adverse effect on the operating results of the Group in 2014.

Apart from certain bank balances, debtors' balances and bank borrowings in US dollars, euros and Hong Kong dollars, most of the assets and liabilities of the Group were denominated in renminbi. Therefore, the Group was not exposed to significant foreign exchange risk. During the year under review, exchange rate fluctuation had not caused any material adverse effect on the operation or liquidity of the Group. Accordingly, the Group did not enter any financial derivative instruments to hedge against foreign exchange currency exposure during the year under review. However, the Group is closely monitoring the impact of change in value of the renminbi on its operations and may consider appropriate hedging solutions, if required.

CAPITAL EXPENDITURE

For the year ended 31 December 2014, capital expenditure of the Group for property, plant and equipment amounted to RMB417.8 million (2013: RMB263.8 million).

CAPITAL COMMITMENTS

As at 31 December 2014, the Group had made capital commitment of approximately RMB143.5 million (31 December 2013: RMB118.5 million) for acquisition of property, plant and equipment contracted for but not provided in the financial statements. The Group did not make any capital commitment for acquisition of property, plant and equipment authorised but not contracted for in both years.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 December 2014 and 31 December 2013.

PLEDGE OF ASSETS

As at 31 December 2014, the Group pledged bank deposits of RMB8.0 million to a bank to secure bank borrowings (31 December 2013: RMB34.0 million to secure bill payables).

SIGNIFICANT INVESTMENTS

On 24 March 2014, an agreement was reached between Jiangsu Xingda Steel Tyre Cord Co., Ltd., an indirectly owned subsidiary of the Company, and Guizhou Tyre Co., Ltd. ("Guizhou Tyre", stock code: 000589.SZ) for the subscription of 30,000,000 new A shares issued by Guizhou Tyre at RMB4.48 per share in cash under a non-public offer. The subscription monies of RMB134.4 million were satisfied by internal resources of the Group. Save as disclosed above, the Group had no other significant external investments for the year ended 31 December 2014 and 31 December 2013.

SIGNIFICANT ACQUISITIONS AND DISPOSALS

The Group had no significant acquisitions and disposals for the year ended 31 December 2014 and 31 December 2013.

HUMAN RESOURCES

As at 31 December 2014, the Group had approximately 6,500 (31 December 2013: approximately 6,800) full time employees. Total staff costs including directors' remuneration for the year ended 31 December 2014 was approximately RMB526.1 million (2013: approximately RMB490.0 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 knowledge of industry quality standards.

In addition to salaries and bonuses, the Group also provides various benefits to employees through the Labour Union of Jiangsu Xingda ("Xingda Labour Union"). Each year, Jiangsu Xingda contributes 2% of the total salary of staff ("Union Fee") to support operation of the Xingda Labour Union. The Union Fee, together with other funds obtained by the Xingda Labour Union, are used to provide a variety of welfare benefits and services to employees of the Group, including provision of staff quarters which employees may choose to purchase. For the year ended 31 December 2014, the amount of Union Fees contributed by Jiangsu Xingda to the Xingda Labour Union amounted to RMB8.1 million (2013: RMB7.6 million).

According to the Social Insurance Regulations published by the State Council of China on 14 January 1999, the Group is required to make contributions to pension funds and insurance policies for its employees. Full-time employees of the Group in China are covered by the contributory pension scheme managed by the state entitling them to a monthly pension after they retire. The PRC government is responsible for crediting the pension to the retired and the Group is required to make annual contributions to the retirement scheme run by the Xinghua Municipality at a specified rate. The contribution is booked in due course as an operating expense of the Group. Under the scheme, no forfeited contributions are available to reduce the existing level of contributions. Apart from the pension funds, the Group has provided medical, personal accident and unemployment insurance policies for its employees.

In 2009, the Board of Directors adopted a share award scheme to encourage and retain elite employees to stay with the Group and to provide incentives to achieve performance goals with a view to attaining the objectives of increasing the value of the Group and aligning the interests of selected employees directly to the shareholders of the Company through ownership of shares. Pursuant to the scheme, shares will be purchased by the trustee in the market out of cash contributed by the Company and be held in trust for the selected employees until such shares are vested in the selected employees in accordance with the provisions of the scheme. In 2010, 5,000,000 Company's shares (the "First Batch Shares") were purchased by the trustee on the public market. In 2011, another 5,000,000 Company's shares (the "Second Batch Shares") were purchased by the trustee on the public market. In 2013, 10,481,000 Company's shares were purchased by the trustee on the public market, of which 5,000,000 shares were added to the Second Batch Shares and the remaining 5,481,000 shares were treated as the "Third Batch Shares". In 2014, 4,519,000 Company's shares were purchased by the trustee on the public market and were added to the Third Batch Shares.

During the year ended 31 December 2014, the total consideration and other directly attributable incremental costs of the shares purchased under the share award scheme in an aggregate amount of RMB10.9 million (2013: RMB22.4 million) were recognised in the reserve of the Company. As at 31 December 2014, all the First Batch Shares and two-thirds of the Second Batch Shares had been vested with selected employees. The remaining portion of the Second Batch Shares and all the Third Batch Shares amounting to a total of 13,342,000 shares will be vested with selected employees in a four-year period from 2015 onwards.

PROSPECTS

Looking ahead, the ongoing slowdown in economic growth in China resulting from economic restructuring is likely to present specific pressures on the operating environment of the Group. However, in 2014, the Chinese government has introduced a series of policies that will be supportive of the manufacturing industry. Most significant here are the “National Plan on New Urbanisation (2014-2020),” the preparation work for “The 13th Five-Year Plan” and the strategic concept of “one belt, one road” as part of the New Silk Road Economic Belt and its role within the development blueprint of western China. All of these policy initiatives are critical as the engine of economic growth shifts to domestic consumption, thereby spurring an increase in the ownership of passenger cars and trucks which in turn fuels the rise of replacement demand for radial tires and tire cords and creates sustainable growth momentum for the Group’s development.

In the short run, the Group still faces fierce industry competition. Starting from the second quarter of 2014, the average selling price of radial tire cords has recorded a continuous decline. The price competition is expediting industry consolidation and may eliminate some small-to-medium sized radial tire cord manufacturers. In the long run, the competition should facilitate the rational use of resources and positively affect the radial tire cord industry as well as benefit Xingda in expanding its market reach throughout China. Moreover, the Group strongly believes that its substantial capital advantages such as a sound financial position, lower gearing ratio and healthy cash flow are critical to its efforts to overcome the adverse conditions.

Optimising its strength as one of the largest radial tire cord manufacturers in China, Xingda has recorded industry-leading results during the challenging period by leveraging its stable customer base, leading-edge production technology and stringent quality control procedures. In the future, Xingda intends to execute its global sales strategy in order to extend its business presence, step up its research and development efforts and enrich its product mix, while striving to maintain its domestic market share and explore new markets overseas in a bid to maintain its steady growth.

DIVIDEND

The Board has recommended the payment of a final dividend of 13.0 HK cents (approximately RMB10.3 fen) per share for the financial year ended 31 December 2014 to the shareholders whose names appear on the register of members of the Company on Wednesday, 3 June 2015. The final dividend will be payable on Monday, 29 June 2015.

ANNUAL GENERAL MEETING

An annual general meeting of the Company will be held on Thursday, 21 May 2015, notice of which will be published and dispatched to the shareholders as soon as practicable in accordance with the Company's articles of association and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 19 May 2015 to Thursday, 21 May 2015, both days inclusive, during which period no transfer of shares will be registered. In order to be entitled to attend and vote at the forthcoming annual general meeting to be held on Thursday, 21 May 2015, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Monday, 18 May 2015.

The proposed final dividend for the year ended 31 December 2014 is subject to the approval by the shareholders of the Company at the forthcoming annual general meeting to be held on Thursday, 21 May 2015. The register of members of the Company will be closed from Monday, 1 June 2015 to Wednesday, 3 June 2015, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for receiving the final dividend, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Friday, 29 May 2015.

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

For the year ended 31 December 2014, the Company repurchased 9,490,000 shares through the Stock Exchange at a total consideration, before expenses, of approximately HK$25.9 million. Such shares have been cancelled up to the date of this report. Details of repurchase are as follows:

Month of repurchase	Number of ordinary shares repurchased	Repurchasing price for each share Highest HK$	Lowest HK$	Aggregate consideration paid HK$ Million	Equivalent to RMB Million
October 2014	1,205,000	2.50	2.39	2.9	2.3
November 2014	4,314,000	2.85	2.65	12.1	9.5
December 2014	3,971,000	2.80	2.67	10.9	8.6
Total	9,490,000			25.9	20.4

Save as disclosed above and apart from the Company's shares purchased under the share award scheme of the Company as mentioned in this announcement, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2014.

CORPORATE GOVERNANCE PRACTICES

To promote high level of transparency, accountability and independence in the interests of the shareholders, the Company is committed to maintaining high standards of corporate governance.

The Company has applied the principles in and complied with the Corporate Governance Code contained in Appendix 14 of the Listing Rules throughout the year ended 31 December 2014, except for the following:-

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

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

Code provision A.6.7 provides that independent non-executive Directors and non-executive Directors should attend general meetings. Ms. Wu Xiaohui, a non-executive Director, Mr. Koo Fook Sun, Louis, Mr. William John Sharp and Ms. Xu Chunhua, the independent non-executive Directors, were unable to attend the annual general meeting of the Company held on 23 May 2014 as they had to attend other meetings or were engaged in other businesses and commitments. However, Ms. Wu, Mr. Koo, Mr. Sharp and Ms. Xu subsequently requested the company secretary of the Company to report to each of them on the views of the shareholders of the Company in the annual general meeting. As such, the Board considers that the development of a balanced understanding of the views of shareholders among the non-executive Directors and independent non-executive Directors was ensured.

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

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as the code of conduct regarding Directors' securities transactions. After having made specific enquiry with all Directors, the Company has received confirmations from all directors that they have complied with the required standards set out in the Model Code during the year ended 31 December 2014.

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.

REVIEW OF FINANCIAL STATEMENTS

The Audit Committee and the management of the Company have reviewed the accounting principles and practices adopted by the Group, discussed auditing and financial reporting matters and have reviewed the annual results of the Group for the year ended 31 December 2014. In addition, the consolidated financial statements of the Group for the year ended 31 December 2014 have been audited by the Group's auditor, Messrs. Deloitte Touche Tohmatsu and an unqualified opinion report was issued.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2014 as set out in this announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this announcement.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the website of the Stock Exchange at www.hkex.com.hk and at the website of the Company at www.irasia.com/listco/hk/xingda/index.htm. The annual report will be dispatched to the shareholders and available on the above websites in due course.

APPRECIATION

The Board would like to express its gratitude to all employees for their diligence and contribution. At the same time, the Board is also thankful for the support it has from all the customers, suppliers and shareholders of the Group. The Group will continue to work as a team to push for more brilliant results in 2015.

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

Shanghai, the PRC, 26 March 2015

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