

Chairman's Statement



Mr. Liu Jinlan
Chairman

I am pleased to present the first annual results of Xingda International Holdings Limited (the "Company") and its subsidiaries (together, the "Group" or "Xingda") after its listing on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The year 2006 was a critical year for the Group. Xingda continued to be the largest manufacturer of radial tire cords in the People's Republic of China ("China" or the "PRC"), offering quality radial tire cords to more leading global and domestic tire manufacturers. Furthermore, the Group's successful listing on the Main Board of the Stock Exchange on 21 December 2006 has marked its boarding of the international financial platform. This achievement has not only enhanced corporate governance of the Group, but has also given us greater exposure in the international market, speeding up the Group's future development pace in the global market.

For the year ended 31 December 2006, the Group achieved outstanding performance. With sales volume grew steadily during the year. The Group's turnover recorded a year-on-year increase of 6.7% to approximately RMB 2,516 million; while gross profit increased 3.2% to approximately RMB732 million as compared with 2005. In addition, the increase of the Group's equity interests in Jiangsu Xingda Steel Tyre Cord Co., Ltd. ("Jiangsu Xingda") from 58.4% to 69.54% in November 2005 has boosted the profit for 2006. Together with the effective cost control, profit attributable to equity holders of the Company surged by 67.2% to approximately RMB194 million as compared with 2005. The board of directors of the Company (the "Board") proposed to distribute a final dividend of 4 HK cents (approximately RMB4.02 fen).

Xingda is very optimistic about the prospects of the industry. As radial tire is widely and commonly used in many developed countries, we expect to see enormous potentials for radial tire cord, the principal backbone materials of radial tires. Leveraging on the opportunities arising from rapid economic growth, infrastructure development and rising vehicle demand and living standard in the PRC, Xingda will continue to capture and expand its nationwide market shares. Riding on its leadership in the PRC, Xingda will further explore overseas market and provide first-class products to the world leading tire manufacturers.

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Xingda became an approved supplier of one of the largest tire manufacturers in the world in 2005 and has continuously gained support from more overseas customers. The Group secured three new overseas customers during the year and is looking forward to announcing more good news in the near future about partnership forged with overseas customers. In the next four to five years as the No.8 Factory gradually move towards full operation, the Group's production capacity for radial tire cord is expected to increase by approximately 30,000 to 40,000 tonnes yearly, allowing it to meet growing customer demand. Going forward, Xingda will actively upgrade production technology, develop more advanced products and strive for economies of scale to increase profit. In addition to consolidating our market leadership in the PRC, we also aim to become one of the largest radial tire cord manufacturers in the world.

It was the relentless efforts of our staff that saw us achieving record high results in 2006. On behalf of Xingda, I would like to express my gratitude to all employees for their diligence and contribution. At the same time, we are also thankful for the support we have from our customers, suppliers and shareholders. The Group will continue to work as a team to push for more brilliant results in 2007.

Liu Jinlan

Chairman

Shanghai, the PRC, 3 April 2007