

**XINGDA INTERNATIONAL HOLDINGS LTD:
PROFITS ARE ON THE WAY DOWN,
BUT THE SHARE PRICE IS ON THE WAY UP !**

Considering that the Net Profit Attributable to Shareholders of Xingda International Holdings Ltd () (Code: 1899, Main Board, The Stock Exchange of Hongkong Ltd) for the Financial Year, ended December 31, 2006, is forecast to have been 18.54 percent lower than the Net Profit Attributable to Shareholders for the 2005 Financial Year, and considering that the 2005-Year's Bottom Line was 19.08 percent lower than that of the 2004-Year's, it may seem strange to some people that the share price of this Company has risen by about 68 percent since its Initial Public Offering (IPO) on December 8, 2006.

Management of Xingda International, no doubt, will want to take **TARGET** to task for writing the above paragraph, but, strictly speaking, there can be no question that **TARGET** () is absolutely correct in stating that the Bottom Line of this Company has been in decline for the past few Financial Years.

Management will, in defence, state that the reason that the Bottom Lines for the 2005-Year and the 2006-Year declined was due to the requirement to take into account the notional and real costs in respect of the issuance of convertible bonds, the issuance of those bonds, having been negotiated on April 28, 2005.

Pish!

The 3 Convertible Bonds were issued by Xingda International to the following 3 parties:

1.
Tetrad Ventures Pte Ltd, a company,
wholly owned by the Government of Singapore
\$US39,742,942
(about 314,068,599.16 renminbi)
2.
Henda Ltd, a company,
owned and controlled by Mr Lee Shau Kee
of the Hongkong Special Administrative Region (HKSAR)
of the People's Republic of China (PRC)
\$US9 million
(about 71,122,500 renminbi)
3.
Goldman Sachs Strategic Investments (Asia) L.L.C.,
a company, wholly owned by Goldman Sachs (Asia) L.L.C.
\$US5,257,058
(about 41,543,901 renminbi)

Totally, Xingda International bagged \$US54 million, on the nose, equivalent to about 426.60 million renminbi, from the issuance of the above-mentioned Convertible Bonds.

The interest factor on the above bonds was set at one percent per annum and the conversion price of the bonds into ordinary shares in the Issued and Fully Paid-Up Share Capital of the Company was agreed at \$HK1.853.

The Global Offering Prospectus of Xingda International, at Page 211, stated that total borrowings of the Company, as at October 31, 2006, stood at about 1,983.70 million renminbi (about \$US251.10 million).

It was a record-high level.

The borrowings comprised:

1. Secured Bank Loans	630.00 million renminbi
2. Unsecured Bank Loans	710.00 million renminbi
3. Convertible Bonds	<u>643.70 million renminbi</u>

TOTAL :1,983.70 MILLION RENMINBI

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