Xin Point Holdings Limited
信邦控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1571)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2017

FINANCIAL HIGHLIGHTS

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Revenue	**886,889**	692,424
Net profit	**175,977**	133,952
Basic and diluted earnings	**RMB23 cents per share**	RMB18 cents per share
Interim dividend	**RMB5 cents per share**	N/A
	As at 30 June 2017	As at 31 December 2016
	RMB'000	*RMB'000*
Property, plant and equipment	**509,687**	428,706
Cash and cash equivalents	**885,710**	229,648
Working capital		
(Current assets less current liabilities)	**1,209,573**	502,515

INTERIM RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Xin Point Holdings Limited (the "**Company**") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2017 (the "**Period**" or "**1H 2017**") together with selected explanatory notes and the relevant comparative figures.

In this announcement, "we", "us", "our" refer to the Company and where the context otherwise requires, the Group.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Six months ended 30 June **2017** ***RMB'000*** ***(Unaudited)***	 2016 *RMB'000* *(Unaudited)*
REVENUE	3	**886,889**	692,424
Cost of sales		**(514,129)**	(401,411)
Gross profit		**372,760**	291,013
Other income and gains		**12,946**	13,244
Sales and distribution expenses		**(23,303)**	(18,889)
Administrative expenses		**(126,077)**	(101,775)
Finance costs		**(166)**	(394)
Share of profits of an associate		**425**	127
PROFIT BEFORE TAX	4	**236,585**	183,326
Income tax expense	5	**(60,608)**	(49,374)
PROFIT FOR THE PERIOD		**175,977**	133,952
OTHER COMPREHENSIVE INCOME:			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**2,180**	9,327
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		**2,180**	9,327
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**178,157**	143,279
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	7	**RMB23 cents**	RMB18 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**As at 30 June 2017** *RMB'000* *(Unaudited)*	As at 31 December 2016 *RMB'000* *(Audited)*
NON-CURRENT ASSETS			
Property, plant and equipment		**509,687**	428,706
Prepaid land lease payments		**33,422**	33,814
Investment in an associate		**1,143**	718
Prepayments, deposits and other receivables		**62,502**	52,966
Deferred tax assets		**6,930**	10,267
Total non-current assets		**613,684**	526,471
CURRENT ASSETS			
Inventories		**271,061**	218,788
Trade and bills receivables	8	**480,866**	445,060
Prepayments, deposits and other receivables		**95,809**	93,667
Derivative financial instruments		**2,924**	3,256
Prepaid land lease payments		**794**	794
Cash and cash equivalents		**885,710**	229,648
Total current assets		**1,737,164**	991,213
CURRENT LIABILITIES			
Trade payables	9	**202,680**	184,343
Other payables and accruals	10	**180,134**	169,870
Interest-bearing bank and other borrowings		**3,252**	4,015
Tax payable		**141,525**	130,470
Total current liabilities		**527,591**	488,698
NET CURRENT ASSETS		**1,209,573**	502,515
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,823,257**	1,028,986

	As at 30 June 2017 *RMB'000* *(Unaudited)*	As at 31 December 2016 *RMB'000* *(Audited)*
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**—**	1,050
Total non-current liabilities	**—**	1,050
Net assets	**1,823,257**	1,027,936
EQUITY		
Equity attributable to owners of the parent		
Share capital	**87,244**	79
Reserves	**1,736,013**	1,027,857
Total equity	**1,823,257**	1,027,936

NOTES TO INTERIM FINANCIAL INFORMATION

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2016.

2. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements for the years ended 31 December 2016, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA for the first time for the current period's condensed consolidated financial statements:

Amendments to HKAS 7	*Disclosure Initiative*
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*
Amendments to the HKFRS 12 included in *Annual Improvements 2014-2016 Cycle*	*Disclosure of Interests in Other Entities*

The adoption of these revised HKFRSs has had no significant financial effect on these condensed consolidated financial statements and there have been no significant changes to the accounting policies applied in these condensed consolidated financial statements.

3. REVENUE

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Revenue		
Sale of automotive decorative components	**878,808**	672,222
Sale of non-automotive components	**8,081**	20,202
	886,889	692,424

4. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Cost of inventories sold	**506,468**	401,411
Depreciation	**30,273**	29,227
Amortisation of land lease payments	**392**	392
Fair value loss/(gain) on derivative financial instruments, net	**332**	(141)
Loss on disposal of items of property, plant and equipment, net	**171**	676
Foreign exchange differences, net	**(2,022)**	(4,548)

5. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2016: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. For the Group's subsidiary established in the United States of America ("U.S."), income tax is calculated at the rate of 34.0% (six months ended 30 June 2016: 34.0%). For the Group's subsidiary established in the Germany, income tax is calculated at the rate of 28.0% (six months ended 30 June 2016: 28.0%). Tax on profits assessable in Mainland China has been calculated at the applicable Mainland China corporate income tax ("CIT") rate of 25%. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Current – China		
Charge for the year	**48,506**	49,723
Overprovision in prior years	**(9,236)**	(9,752)
Current – Hong Kong	**4,580**	3,777
Current – Germany	**6,156**	2,419
Current – U.S.	**7,265**	1,389
Deferred tax	**3,337**	1,818
Total tax charge for the Period	**60,608**	49,374

6. INTERIM DIVIDEND

The Board has resolved that an interim dividend of RMB0.05 (six months ended 30 June 2016: Nil) per share amounting to approximately RMB50,320,000 in aggregate, for six months ended 30 June 2017 shall be paid to the shareholders of the Company whose names appeared on the register of members on 20 September 2017.

7. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

Basic earnings per share is calculated by dividing the profit attributable to the ordinary equity holders of the parent by the weighted average number of shares in issue, during the six months ended 30 June 2017 and 2016.

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Profit for the period and earnings for the purpose of basic and diluted earnings per share	**175,977**	133,952

	Number of shares	**Number of shares**
Weighted average number of ordinary shares in issue during the period used in the basic and diluted earnings per share calculation	754,109,589	750,000,000

	Six months ended 30 June	
	2017	2016
	RMB	*RMB*
	(Unaudited)	*(Unaudited)*
Earnings per share		
Basic and diluted	**23 cents**	18 cents

The weighted average number of ordinary shares used to calculate the basic earnings per share for the Period included 1,000,000 ordinary shares, and 749,000,000 shares in connection with the capitalisation issue, which were deemed to have been issued as of the beginning of the Period.

The weighted average number of ordinary shares used to calculate the basic earnings per share for the Period included the weighted average number of 250,000,000 ordinary shares issued in connection with the Company's initial public offering on 28 June 2017 and the aforesaid 750,000,000 ordinary shares.

No adjustment has been made to the basic earnings per share amount for the periods ended 30 June 2017 and 2016 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those periods.

8. TRADE AND BILLS RECEIVABLES

An aged analysis of the trade and bills receivables as at the end of each reporting period, based on the invoice date and net of provision, is as follows:

	30 June 2017	31 December 2016
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Trade receivables:		
Within 1 month	**330,347**	290,886
1 to 2 months	**99,745**	110,639
Over 2 months	**50,774**	43,535
	480,866	445,060

The Group's trading terms with its customers are mainly on credit. The credit period is generally 90 days. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest-bearing.

9. TRADE PAYABLES

The following is an analysis of trade payables by age, presented based on the invoice date:

	30 June 2017	31 December 2016
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Trade payables:		
Within 1 month	**161,735**	149,583
1 to 2 months	**21,872**	21,216
2 to 3 months	**9,951**	6,252
Over 3 months	**9,122**	7,292
	202,680	184,343

Trade payables are non-interest-bearing and are normally settled with terms of 30 to 60 days.

10. OTHER PAYABLES AND ACCRUALS

	30 June 2017	31 December 2016
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Other payables	**37,139**	31,107
Accruals	**137,401**	134,569
Receipts in advance	**5,594**	4,194
Current portion	**180,134**	169,870

Other payables are non-interest bearing and have an average term of three months.

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

Since the successful listing of the shares of the Company (the "**Shares**") on the Main Board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 28 June 2017 (the "**Listing Date**"), the Group continues to implement its plans as disclosed under the section headed "Business — Strategies and future plans" in the prospectus of the Company dated 16 June 2017 (the "**Prospectus**") to increase its production capacities in order to fulfill the orders from customers. Despite the decline in new vehicle sales in the United States in the first half of 2017, most economic indicators continued to be strengthened, pointing to ongoing improvement in global economic activities and rising new vehicle demands.

China, being the largest automobile market in the world, still has long-term growth potential as many central and western regions are under-penetrated. In the first half ("**1H**") of 2017, luxury car sales have not slowed down in China and the luxury car market is expected to grow at a faster pace than the overall passenger vehicle market. Almost all brands of luxury cars saw double-digit sales growth in China in the first quarter of 2017 and the market is expecting to a further growth in 2017 to 2019.

Business Review

In terms of export sales, the Group is one of the leading automotive plastic electroplated component suppliers in the People's Republic of China (the "**PRC**"). In IH 2017, benefited from the increased orders from our customers and continuous expansion in the Group overall capacities which led to the increase in production, the Group continued to record growth in its business. The total sales unit increased from approximately 157.0 million units in 1H 2016 to approximately 179.1 million units in 1H 2017, representing a strong growth of approximately 14.1%, while total revenue of the Group rose to approximately RMB886.9 million, representing an increase of approximately 28.1% when compared with the corresponding period of last year (the first half of 2016: approximately RMB692.4 million). As a result, the Group's total gross profit also increased by approximately 28.1% from approximately RMB291.0 million in 1H of 2016 to approximately RMB372.8 million in 1H of 2017.

Electro-plating production capacity and utilization rate

In 1H 2017, with the addition of a new production line by end of February 2017 together with the closure of one obsolete production line, our annualized electro-plating production capacity further increased from approximately 2,123,100 sq.m by end of 2016 to approximately 2,525,300 sq.m or by approximately 18.9% during 1H 2017.

The average utilisation rate of our electro-plating production capacity for 1H 2017 was approximately 84.0% when compared with the rate of 73.6% for 1H 2016, such increase in average total utilization rate in the 1H 2017 was mainly attributed to an increase in total production volume as a result of an increase in orders on hand.

Production yield

During 1H 2017, due to the new electro-plating line commenced its operations in February 2017, our production yield rate was approximately 89.6%, around one percentage point lower when compared with the average production yield rate of approximately 90.7% in 2016.

Outlook and Order book

Our order book remains healthy and we have secured orders on hand to drive our expansion in the next few years. Continual efforts to penetrate into the global market and global models will remain our important business objective. The Group had total backlog orders of approximately RMB8.7 billion as at 30 June 2017.

The Group is actively looking for different options and opportunities to further expand our production capacities, both locally within China and overseas, in order to cope with the continuing growth in new orders.

Revenue

Our revenue increased by approximately RMB194.5 million or approximately 28.1% to approximately RMB886.9 million for 1H 2017 from approximately RMB692.4 million for 1H 2016 as a result of increased sales of automotive decorative components. The total units of automotive decorative components sold in 1H 2017 increased by approximately 28.6 million or approximately 19.2% from the same period in 2016, while the average selling price increased by approximately RMB0.5 per unit or approximately 9.8% in 1H 2017.

The increase in the sales was mainly due to (i) the steady growth in the PRC's automobile production and sales, which led to the increased local demands for our products. The revenue within the PRC markets increased by approximately RMB88.9 million or approximately 30.0% to approximately RMB385.2 million for 1H 2017 from approximately RMB296.2 million for 1H 2016. The total number of units of automotive decorative components sold in the PRC for 1H 2017 also increased by approximately 17.4 million units or approximately 20.3% from the same period in 2016; (ii) the increase in average unit selling price from RMB4.4 per unit for 1H 2016 to RMB4.9 per unit for 1H 2017, which was primarily due to new contracts entered with customers with a higher unit selling price in North America and Europe; and (iii) the increase in quantity sold in the European market by 2.5 million units or 9.8% for 1H 2017 as a result of our continued sales efforts in the European market.

Revenue by geographic segment:

	Six months ended 30 June			
	2017		2016	
	RMB'000	*%*	*RMB'000*	*%*
China	**385,156**	**43**	296,230	43
North America	**251,248**	**28**	214,353	31
Europe	**219,188**	**25**	157,866	23
Others	**31,297**	**4**	23,975	3
	886,889	**100**	692,424	100

Cost of sales

	Six months ended 30 June			
	2017		2016	
	RMB'000	*%*	*RMB'000*	*%*
Direct materials	**144,979**	**28.2**	121,396	30.2
Staff costs	**141,008**	**27.4**	105,850	26.4
Overheads	**228,142**	**44.4**	174,165	43.4
– Depreciation	**25,049**	**4.9**	20,291	5.1
– Processing fees	**41,337**	**8.0**	31,317	7.8
– Consumables	**34,087**	**6.6**	25,511	6.4
– Mold cost	**37,589**	**7.3**	32,441	8.1
– Utilities	**38,312**	**7.5**	30,702	7.6
– Shipping and delivery	**13,423**	**2.6**	7,691	1.9
– Others	**38,345**	**7.5**	26,212	6.5
	514,129	**100.0**	401,411	100.0

Cost of sales increased by approximately RMB112.7 million or approximately 28.1% to approximately RMB514.1 million for 1H 2017 from approximately RMB401.4 million for 1H 2016 in proportion to increased revenue. Such increase was mainly due to (i) the increase in cost of raw materials by approximately RMB23.6 million or 19.4% from RMB121.4 million for the six months ended 30 June 2016 to approximately RMB145.0 million for 1H 2017. The increase was mainly driven by increase in products produced during the period together with a general increase in raw material price level for 1H 2017; (ii) the increase in staff cost of approximately RMB35.2 million or approximately 33.2% as a result of increase in number of front line staff and the compensation levels; and (iii) the increase in other variable overheads from approximately RMB174.2 million for the six months ended 30 June 2016 to approximately RMB228.1 million for 1H 2017, which was directly related to more units of products manufactured.

Gross Profit

Resulted from the factors discussed above, the gross profit increased to approximately RMB372.8 million for the Period (approximately RMB291.0 million for 1H 2016), representing an increase of approximately 28.1%. Our gross profit margin maintained at approximately 42.0% for 1H 2017, no material change when compared against 1H 2016, despite the addition of a new production line within the Period.

Other income and gains

Other income and gains mainly represented bank interest income, income from sale of scraps, testing fee income and foreign exchange gain.

Sales and distribution expenses

Sales and distribution expenses increased by approximately RMB4.4 million or approximately 23.4% to approximately RMB23.3 million for 1H 2017 from approximately RMB18.9 million for 1H 2016. The increase was primarily due to the continuous increase in staff costs as a result of the increase in number of staff and their compensation level, as well as their relevant travelling expenses to cope with our business growth.

Administrative expenses

The table below summarizes the components of our administrative expenses:

	Six months ended 30 June			
	2017		2016	
	RMB'000	*%*	*RMB'000*	*%*
Staff costs	**58,013**	**46.0**	53,765	52.8
Research and development expenses	**24,161**	**19.2**	15,522	15.3
Listing expenses	**16,633**	**13.2**	4,962	4.9
Travel and transportation expenses	**2,955**	**2.3**	2,730	2.7
Office supplies	**4,854**	**3.9**	5,599	5.5
Depreciation and amortisation	**3,705**	**2.9**	4,086	4.0
Rental expenses	**2,774**	**2.2**	4,342	4.3
Stamp duties and local government surcharges	**1,129**	**0.9**	1,053	1.0
Business development expenses	**740**	**0.6**	937	0.9
Loss on disposal of property, plant and equipment	**171**	**0.1**	676	0.7
Others	**10,942**	**8.7**	8,103	7.9
	126,077	**100.0**	101,775	100.0

Administrative expenses increased by approximately RMB24.3 million or approximately 23.9% to approximately RMB126.1 million for 1H 2017 from approximately RMB101.8 million for 1H 2016. The increase was primarily due to (i) the non-recurring listing expenses of approximately RMB16.6 million was recorded in 1H 2017, whereas only approximately RMB5.0 million recorded in 1H 2016; (ii) the increase in staff costs of approximately RMB4.2 million due to increase in the salary level of the PRC administrative staff in order to retain talents in respect of the highly competitive human resources market in the PRC; and (iii) the increase in research and development ("**R&D**") expenses of approximately RMB8.6 million in relation to new models and new surface treatment technologies requests from our customers.

Profit for the period

Profit for the period increased by approximately 31.4% from approximately RMB134.0 million in 1H 2016 to approximately RMB176.0 million in 1H 2017. This was primarily due to the effects of the followings:

(i) the revenue from the sales of automotive decorative components for all regions has been growing steadily from approximately RMB672.2 million for 1H 2016 to approximately RMB878.8 million or 30.7% growth for 1H 2017;

(ii) the gross profit also increased from approximately RMB291.0 million for 1H 2016 to approximately RMB372.8 million or approximately 28.1% increase for 1H 2017 as we were able to maintain a relatively stable gross profit margin at approximately 42% for 1H 2017 when compared to 1H 2016;

(iii) the increase of 23.4% in sales and distribution expenses during 1H 2017; and

(iv) the increase in administrative expenses, partly due to the increase in R&D expenditures to cope with increased demands for processing technology from our customers and the increase in salaries and benefits of our administrative and support staffs, directors and senior management, and provision for social insurance and housing provident funds. In addition, listing expenses of approximately RMB16.6 million was recorded in 1H 2017, which is non-recurring in nature. After adjusting such listing expenses, the Group would have recorded a net profit of approximately RMB192.6 million in 1H 2017 (1H 2016: approximately RMB138.9 million, adjusted for listing expenses).

Basic earnings per share attributable to owners of the Company for 1H 2017 was approximately RMB23 cents (1H 2016: approximately RMB18 cents).

LIQUIDITY AND FINANCIAL RESOURCES

For the Period, the Group's net cash inflow from operating activities amounted to approximately RMB174.2 million, as compared to approximately RMB169.8 million in 1H 2016.

The Group had a finance lease payable of only approximately RMB3.3 million as at 30 June 2017 (31 December 2016: RMB5.1 million).

As at 30 June 2017, the gearing ratio, being total bank borrowings divided by total equity was 0.18% (31 December 2016: 0.49%).

The annual interest rate of the bank and other borrowings during the Period was 7.0% (1H 2016: 7.0%).

INTERIM DIVIDEND

The Board resolved to pay an interim dividend of RMB0.05 per share for 1H 2017 (1H 2016: Nil). The exchange rate adopted for conversion of the interim dividend in Hong Kong dollars was the middle rate of RMB to Hong Kong dollars published by the People's Bank of China of 1 business day of the PRC prior to the declaration of interim dividend (i.e. 28 August 2017) (HK$1 = RMB0.84823). Accordingly, the amount of interim dividend payable in Hong Kong dollars will be HK$0.0589 per share.

The interim dividend will be distributed on or around 13 October 2017 to shareholders of the Company (the "**Shareholders**") whose names appear on the register of members of the Company as at the close of business on 20 September 2017.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 18 September 2017 to 20 September 2017, both days inclusive, during which period no transfer of the Shares will be registered. In order to qualify for the interim dividend payable on or around 13 October 2017, all transfers of the Shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share register in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on 15 September 2017.

SHARE OPTIONS

A share option scheme (the "**Scheme**") was adopted by written resolutions passed by the then Shareholders on 5 June 2017. Under the Scheme, the Directors may grant options to subscribe for the Shares to eligible participants, including without limitation employees of the Group, directors of the Company and its subsidiaries.

No share option was granted, exercised, cancelled or had lapsed under the Scheme during the Period. No share option was outstanding under the Scheme as at 30 June 2017 and as of the date of this announcement.

CAPITAL STRUCTURE

As at 30 June 2017, the Company's issued share capital was approximately RMB87.2 million, equivalent to HK$100.0 million and divided into 1,000,000,000 Shares of HK$0.1 each (31 December 2016: RMB79,000, equivalent to HK$100,000 and divided into 1,000,000 Shares of HK$0.1 each).

Subsequent to 30 June 2017, the Company announced that 6,487,000 Shares (representing approximately 2.59% of the total number of offer shares initially available under the Company's Global Offering (as defined in the Prospectus) before any exercise of the Over-Allotment Option (as defined in the Prospectus)) were allotted in respect of the Over-Allotment Option described in the Prospectus was partially exercised on 21 July 2017 by the Sole Global Coordinator on behalf of the International Underwriters (as defined in the Prospectus). For details, please refer to the Company's announcement dated 26 July 2017.

Immediately after such allotment and up to the date of this announcement, the total number of issued Shares was 1,006,487,000.

SIGNIFICANT INVESTMENTS HELD AND FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

During the Period, the principal capital expenditures of the Group were attributable to the additions of equipment at its existing production facilities. As part of the Group's future strategies, the Group's planned capital expenditures for its business operations will be primarily related to the construction and commencement of operations of its new production facilities. The Group anticipates that its capital expenditures will be financed by cash generated from its operations and the utilization of the net proceeds from the issue of new Shares under the Global Offering as set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

There were no significant investments held as at 30 June 2017 nor there are other plans for material investments on capital assets as at the date of this announcement.

USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING

The Shares first became listed on the Main Board of the Stock Exchange on 28 June 2017. Gross proceeds raised (including the Shares issued in connection with the Over-Allotment Option partially exercised by the Sole Global Coordinator) from the Global Offering amounted to approximately HK$855.0 million, and the net proceeds (after deduction of listing expenses and underwriting commissions) amounted to approximately HK$829.1 million. As at 30 June 2017, none of such net proceeds were utilised. All net proceeds were kept in banks and approved financial institutions in Hong Kong.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

During the Period, the Group did not have any material acquisitions and disposals of subsidiaries.

PLEDGE OF ASSETS

As at 30 June 2017, the Group's certain equipment with carrying value of RMB7.6 million (31 December 2016: RMB8.5 million) were pledged as security for bank borrowings.

FOREIGN EXCHANGE EXPOSURE

Certain assets of the Group are denominated in foreign currencies such as United States dollars, Euros and Hong Kong dollars. The Group has not implemented any foreign currency hedging policy at the moment. However, continuous monitoring on the foreign exchange exposure is carried out by the management.

TREASURY POLICIES

The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce exposure to credit risk by performing ongoing credit evaluation of the financial conditions of its clients.

To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

CAPITAL COMMITMENT AND CONTINGENCIES

Capital commitment of the Group as at 30 June 2017 and 31 December 2016 were approximately RMB48.8 million and approximately RMB63.1 million, respectively, which were both attributable to the construction and acquisition of our new production bases and facilities. The Group did not have any significant contingent liabilities as at 30 June 2017 and 31 December 2016.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2017, the Group had 4,448 employees (31 December 2016: 4,025 employees), among which 4,412, 3, 18, 15 staff members employed in China, Hong Kong, the United States and Germany, respectively. The remuneration and staff cost for the Period were approximately RMB209.7 million (1H 2016: RMB169.2 million).

The salaries of the Group's employees largely depend on their type and level of work as well as their length of service with the Company. They receive social welfare benefits and other benefits including social insurance. As required by the relevant laws and regulations on social insurance in relevant jurisdiction, the Company participates in the social insurance schemes operated by the relevant local government authorities which include retirement pension, medical insurance, unemployment insurance, industrial injuries insurance and maternity insurance in the countries the Group operates.

The Directors and senior management of the Company receive compensation in the form of salaries, benefits in kind and/or discretionary bonuses relating to the performance of the Group. The Company also reimburses them for expenses which are necessarily and reasonably incurred for providing services to the Company or executing their functions in relation to its operations. The Company regularly reviews and determines the remuneration and compensation packages of the Directors and senior management.

Further, the remuneration committee of the Board reviews and determines the remuneration and compensation packages of the Directors and senior management with reference to salaries paid by comparable companies, time commitment and responsibilities of the Directors and senior management and performance of the Group.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company or any of its subsidiaries did not purchase, sell or redeem any of its listed securities since the Listing Date and up to 30 June 2017.

COMPLIANCE WITH THE CG CODE

The Board and the Company's management are committed to maintaining high standards of corporate governance. The Board firmly believes that conducting the Group's business in a transparent and responsible manner and following good corporate governance practices serve the Group's long-term interests and those of the Shareholders. The Board considers the Company had complied with all the code provisions of the Corporate Governance Code (the "**CG Code**") as contained in Appendix 14 to the Rules Governing The Listing of Securities on the Stock Exchange (the "**Listing Rules**") from the Listing Date and up to 30 June 2017.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct for dealing in securities of the Company by the Directors. In response to a specific enquiry made by the Company, all Directors confirmed that they had complied with the Model Code since the Listing Date and up to 30 June 2017.

INDEPENDENT AUDITORS AND AUDIT COMMITTEE REVIEW

The Company has established an audit committee of the Board (the "**Audit Committee**") with written terms of reference in compliance with the CG Code. The Audit Committee comprises all the three independent non-executive Directors, namely Mr. Tang Chi Wai (committee chairman), Mr. Gan Weimin and Prof. Cao Lixin. The Company's unaudited condensed consolidated financial statements for the Period have been reviewed by the Audit Committee, and have been reviewed by Ernst & Young the auditors of the Company, which report will be included in the interim report to be despatched to the Shareholders in due course.

PUBLICATION OF INFORMATION ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The results announcement is required to be published on the website of the Stock Exchange *(www.hkexnews.hk)* and the website of the Company at *www.xinpoint.com*, respectively. The interim report of the Company for the Period will be despatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

By Order of the Board
Xin Point Holdings Limited
Ma Xiaoming
Chairman

Hong Kong, 29 August 2017

As at the date of this announcement, the Board comprises Mr. MA Xiaoming, Mr. MENG Jun, Mr. ZHANG Yumin, Mr. LIU Jun, Mr. HE Xiaolu and Mr. JIANG Wei as executive directors; and Mr. TANG Chi Wai, Mr. GAN Weimin and Prof. CAO Lixin as independent non-executive directors.