Xin Point Holdings Limited
信邦控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1571)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

FINANCIAL HIGHLIGHTS

- Revenue increased by approximately 21.8% to approximately RMB1,877.2 million (2016: approximately RMB1,540.7 million).
- Gross profit rose by approximately 23.1% to approximately RMB779.3 million (2016: approximately RMB633.3 million).
- Profit attributable to owners of the Company increased by approximately 31.2% to approximately RMB391.3 million (2016: approximately RMB298.3 million).
- Basic earnings per share increased to approximately RMB44 cents (2016: approximately RMB40 cents).
- Proposed final dividend amounted to RMB0.07 per share.
- Capital expenditure increased by approximately 39.1% to approximately RMB246.0 million (2016: approximately RMB176.8 million).
- Consolidated net asset value increased by approximately 90.7% to approximately RMB1,960.4 million (2016: approximately RMB1,027.9 million).

The board (the "**Board**") of directors (the "**Directors**") of Xin Point Holdings Limited (the "**Company**") is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2017 ("**FY2017**"), together with the comparative figures for the year ended 31 December 2016 ("**FY2016**") reviewed by the audit committee of the Company ("**Audit Committee**") as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2017

	Notes	**2017**	2016
		RMB'000	*RMB'000*
REVENUE	4	**1,877,155**	1,540,666
Cost of sales		**(1,097,904)**	(907,354)
Gross profit		**779,251**	633,312
Other income and gains		**42,083**	26,466
Selling and distribution expenses		**(37,456)**	(29,425)
Administrative expenses		**(274,882)**	(218,645)
Finance costs		**(260)**	(628)
Share of profits of an associate		**1,392**	348
PROFIT BEFORE TAX	5	**510,128**	411,428
Income tax expense	6	**(118,858)**	(113,087)
PROFIT FOR THE YEAR		**391,270**	298,341
OTHER COMPREHENSIVE INCOME/(LOSS):			
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(43,772)**	16,670
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX		**(43,772)**	16,670
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**347,498**	315,011
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
– Basic and diluted	8	**RMB44 cents**	RMB40 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2017

	Notes	**2017**	2016
		RMB'000	*RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**612,965**	428,706
Prepaid land lease payments		**40,204**	33,814
Goodwill		**—**	—
Investment in an associate		**1,510**	718
Prepayments, deposits and other receivables		**72,077**	52,966
Deferred tax assets		**10,890**	10,267
Total non-current assets		**737,646**	526,471
CURRENT ASSETS			
Inventories		**327,303**	218,788
Trade and bills receivables	9	**538,256**	445,060
Prepayments, deposits and other receivables		**120,042**	93,667
Derivative financial instruments		**3,750**	3,256
Prepaid land lease payments		**951**	794
Cash and cash equivalents		**812,108**	229,648
Total current assets		**1,802,410**	991,213
CURRENT LIABILITIES			
Trade payables	10	**193,506**	184,343
Other payables and accruals		**202,498**	169,870
Interest-bearing bank and other borrowings		**844**	4,015
Tax payable		**182,640**	130,470
Total current liabilities		**579,488**	488,698
NET CURRENT ASSETS		**1,222,922**	502,515
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,960,568**	1,028,986

	2017	2016
	RMB'000	*RMB'000*
TOTAL ASSETS LESS CURRENT LIABILITIES	**1,960,568**	1,028,986
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**—**	1,050
Deferred tax liabilities	**141**	—
Total non-current liabilities	**141**	1,050
Net assets	**1,960,427**	1,027,936
EQUITY		
Equity attributable to owners of the parent		
Issued capital	**87,800**	79
Reserves	**1,872,627**	1,027,857
Total equity	**1,960,427**	1,027,936

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for derivative financial instruments which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

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

Other than as explained below regarding the impact of HKAS 7, the adoption of the above revised standards has had no significant financial effect on these financial statements.

Amendments to HKAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. Disclosure of the changes in liabilities arising from financing activities is provided in the financial statements.

3. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the manufacture and sale of automotive and electronic components. For the purpose of resources allocation and performance assessment, the Group's management focuses on the operating results of the Group. As such, the Group's resources are integrated and no discrete operating segment information is available. Accordingly, no operating segment information is presented.

Geographical information

(a) Revenue from external customers

	2017	2016
	RMB'000	*RMB'000*
China	**888,911**	673,579
North America	**486,369**	462,110
Europe	**442,493**	348,256
Other countries	**59,382**	56,721
	1,877,155	1,540,666

The revenue information of operations above is based on the locations of the customers.

(b) Non-current assets

	2017	2016
	RMB'000	*RMB'000*
China	**656,658**	493,948
Other countries	**70,098**	22,256
	726,756	516,204

The non-current assets information of operations above is based on the locations of the assets and excludes deferred tax assets.

Information about a major customer

During the year ended 31 December 2017, no revenue from any single customer accounted for 10% or more of the total revenue of the Group.

During the year ended 31 December 2016, revenue generated from the single customer amounting to approximately RMB206,811,000 individually accounted for over 10% of the Group's revenue.

4. REVENUE

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts.

5. PROFIT BEFORE TAX

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

	2017	2016
	RMB'000	*RMB'000*
Cost of inventories sold	**1,097,904**	907,354
Depreciation	**64,858**	59,168
Amortisation of land lease payments	**806**	773
Minimum lease payments under operating leases	**19,939**	23,727
Research and development costs	**42,793**	36,024
Fair value gain on derivative financial instruments, net	**(694)**	(262)
Auditors' remuneration	**3,354**	3,247
Employee benefit expense (including directors' and chief executive's remuneration)		
Wages and salaries	**359,770**	303,114
Pension scheme contributions	**71,443**	51,703
	431,213	354,817
Loss on disposal of items of property, plant and equipment, net	**2,752**	1,462
Foreign exchange differences, net	**(9,504)**	(7,031)
Impairment of goodwill	**3,242**	—
Gain on disposal of a subsidiary	**—**	(233)

6. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. For the Group's subsidiary established in the United States of America ("U.S."), income tax is calculated at the rate of 34.0% (2016: 34.0%). For the Group's subsidiary established in the Germany, income tax is calculated at the rate of 28.0% (2016: 28.0%). Tax on profits assessable in China has been calculated at the applicable 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.

	2017	2016
	RMB'000	*RMB'000*
Current – China		
Charge for the year	**101,796**	109,935
Overprovision in prior years	**(18,473)**	(19,145)
Current – Hong Kong	**12,063**	10,595
Current – Germany	**12,540**	2,698
Current – U.S.	**11,555**	10,119
Deferred tax	**(623)**	(1,115)
Total tax charge for the year	**118,858**	113,087

7. DIVIDENDS

	2017	2016
	RMB'000	*RMB'000*
Interim – RMB0.05 (2016: Nil) per ordinary share	**50,499**	—
Final – RMB100 per share for 2016 (RMB110 per share for 2015)	**100,000**	110,000
	150,499	110,000

Final dividend of RMB0.07 per share amounting to approximately RMB70,454,000 in respect of the year ended 31 December 2017 (2016: RMB100 per share amounting to approximately RMB100,000,000) has been proposed by the directors and is subject to approval by the shareholders at the forthcoming annual general meeting.

8. 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 years ended 31 December 2017 and 2016.

	2017	2016
	RMB'000	*RMB'000*
Profit for the year and earnings for the purpose of basic and diluted earnings per share	**391,270**	298,341

	2017	2016
	Number of shares	Number of shares
Weighted average number of ordinary shares in issue during the year used in the basic and diluted earnings per share calculation	**880,205,332**	750,000,000

The Group had no potentially diluted ordinary shares in issue during the years ended 31 December 2017 and 2016.

	Year ended 31 December	
	2017	2016
Earnings per share		
Basic and diluted	**RMB44 cents**	RMB40 cents

The weighted average number of ordinary shares used to calculate the basic earnings per share for the year ended 31 December 2016 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 year.

The weighted average number of ordinary shares used to calculate the basic earnings per share for the year ended 31 December 2017 included the weighted average of 250,000,000 and 6,487,000 ordinary shares issued in connection with the Company's initial public offering and over-allotment, respectively and the aforesaid 750,000,000 ordinary shares.

No adjustment has been made to the basic earnings per share amount for the years ended 31 December 2017 and 2016 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those years.

9. TRADE AND BILLS RECEIVABLES

An aging 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:

	2017	2016
	RMB'000	*RMB'000*
Within 1 month	**387,492**	290,886
1 to 2 months	**98,773**	110,639
2 to 3 months	**31,463**	36,324
Over 3 months	**20,528**	7,211
	538,256	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.

10. TRADE PAYABLES

An aging analysis of the trade payables as at the end of each of the reporting period, based on the invoice date, is as follows:

	2017	2016
	RMB'000	*RMB'000*
Within 1 month	**144,378**	149,583
1 to 2 months	**25,423**	21,216
2 to 3 months	**10,605**	6,252
Over 3 months	**13,100**	7,292
	193,506	184,343

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

11. EVENTS AFTER THE REPORTING PERIOD

There are no material subsequent events undertaken by the Company or by the Group after 31 December 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

Market Overview

In 2017, while maintaining a good track record towards the outstanding overall business performance by leveraging our distinctive vertically integrated business model, the Group has attained smooth and steady development and recorded a significant growth in revenue and net profit for FY2017. Despite the global automobile sales were mixed, the U.S. automobile market recorded a fall in overall sales while European and Asia Pacific markets, in particular, China market experienced a strong growth of new vehicles consumption, thanks to our strong brand effects, outstanding research and development ("**R&D**") capacity, high product quality as well as average production yield rate exceeded average level in the market, the Group achieved a robust development in all aspects. The total number of units of automotive interior decorative components sold for FY2017 increased by approximately 50.7 million or approximately 16.1% from the same period in 2016, while the average selling price for automobile decorative components increased to approximately RMB5.10 per unit or approximately 6.7% increase when compared to FY2016.

Following the promotion of new energy vehicles in major automobile markets around the world, it is definitely a new automobile transformation trend coming ahead, which will create ample room for long-term steady development of automotive plastic electroplated component industry in China. The adoption of light materials to reduce the weight of (new energy) automobile is the current trend in the industry, which is expected to bring about increasing demand for plastic materials, including the electroplated plastics. In addition, plastic components are generally cheaper than metal components, which encourages the use of plastic electroplated components for cost-saving purpose. Furthermore, due to the continued improvement of technology adopted by domestic market players under favourable industrial policies and quality of automotive electroplated plastics products manufactured in the People's Republic of China (the "**PRC**"), the scale of automotive interior decorative component market, especially of automotive plastic electroplated component market in the PRC is expected to grow continuously.

Businss Overview

In terms of export sales, the Group is one of the leading automotive plastic electroplated component suppliers in the PRC. In 2017, benefiting 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 significant growth in its business. The total sales unit increased from approximately 327.4 million units in 2016 to approximately 371.4 million units in 2017, representing a steady growth of approximately 13.4%, while total revenue of the Group rose to approximately RMB1,877.2 million, representing an increase of approximately 21.8% when compared with the corresponding period of last year (FY2016: approximately RMB1,540.7 million). As a result, the Group's total gross profit also increased by approximately 23.1% from approximately RMB633.3 million in 2016 to approximately RMB779.3 million in 2017.

Electro-plating production capacity and utilization rate

As of 31 December 2017, the Group's actual capacity has already reached 3.18 million sq.m. through the successful establishment of two additional production lines in Huizhou area (620,000 sq.m and 360,000 sq.m) within 2017.

In addition to two new production lines established in Huizhou production base in 2017, the Group had two acquisitions in order to implement the capacity expansion plan. In September 2017, the Group acquired two factory buildings in Jiujiang for RMB36 million and planned to build one new production line with a capacity of 700,000 sq.m. It is expected to be put into operation by the end of 2018. In October 2017, the Group has also acquired the entire equity interests in an electro-plating company in Changzhou city, Jiangsu Province in the PRC and plans to rebuild the production facilities, which is expected to further boost electroplating capacity by 2020.

In overseas market, the Group also commenced the construction of a new production base in Mexico, and the Group plans to build its first production line in Mexico with an upgraded annual production capacity of approximately 700,000 sq.m, which is scheduled to complete within the first half of 2019, together with the first new 700,000 sq.m local production line located in Jiujiang, the PRC, this will drive the 2019's new capacity growth by approximately 33.6% as compared to 2017. The estimated annualized electro-plating production capacity will reach approximately 4.25 million sq.m by the end of 2019.

The average utilization rate of our electro-plating production capacity for FY2017 was approximately 80.3%.

Production yield

During 2017, due to the new electro-plating lines commenced its operations and the launch of new products in FY2017, our production yield rate was approximately 89.4%, 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 from customers to drive the Company's expansion in the next few years. Continual efforts to penetrate into the global market and global models will remain our important business objective. As of 31 December 2017, the Group had total backlog orders of approximately RMB9.7 billion for the five years from 1 January 2018 to end of 2022.

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 and new orders.

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately RMB336.5 million or approximately 21.8% to approximately RMB1,877.2 million for FY2017 from approximately RMB1,540.7 million for 2016 as a result of increased sales of automotive decorative components. The total number of units of automotive decorative components sold in FY2017 increased by approximately 50.7 million or approximately 16.1% from the same period in FY2016, while the average selling price for automotive decorative components increased to approximately RMB5.10 per unit or approximately 6.7% when compared to FY2016.

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 RMB215.3 million or approximately 32.0% to approximately RMB888.9 million for FY2017 from approximately RMB673.6 million for FY2016. The total number of units of automotive decorative components sold in the PRC for FY2017 also increased by approximately 43.5 million units or approximately 24.2% from the same period in FY2016; (ii) the increase in average unit selling price from RMB4.78 per unit for FY2016 to RMB5.10 per unit for FY2017; and (iii) the increase in quantity sold in the European market by 4.3 million units or 8.8% for FY2017.

Revenue by geographic segment:

	FY2017		FY2016	
	RMB'000	*%*	*RMB'000*	*%*
China	**888,911**	**47.4%**	673,579	43.7%
North America	**486,369**	**25.9%**	462,110	30.0%
Europe	**442,493**	**23.6%**	348,256	22.6%
Others	**59,382**	**3.1%**	56,721	3.7%
	1,877,155	**100%**	1,540,666	100.0%

Cost of sales

	FY2017		FY2016	
	RMB'000	*%*	*RMB'000*	*%*
Direct materials	**345,848**	**31.5%**	281,554	31.0%
Staff costs	**282,906**	**25.8%**	227,111	25.0%
Overheads	**469,150**	**42.7%**	398,689	44.0%
– Depreciation	**47,461**	**4.3%**	41,715	4.6%
– Processing fees	**88,131**	**8.0%**	69,267	7.6%
– Consumables	**68,813**	**6.3%**	60,292	6.7%
– Mold cost	**67,532**	**6.2%**	64,052	7.1%
– Utilities	**81,907**	**7.5%**	68,384	7.5%
– Shipping and delivery	**44,141**	**4.0%**	31,800	3.5%
– Others	**71,165**	**6.4%**	63,179	7.0%
	1,097,904	**100.0%**	907,354	100.0%

Cost of sales increased by approximately RMB190.6 million or approximately 21.0% to approximately RMB1,097.9 million for FY2017 from approximately RMB907.4 million for FY2016 roughly in proportion to increased revenue.

Such increase was mainly due to (i) the increase in cost of direct materials by approximately RMB64.3 million or 22.8% from RMB281.6 million for the whole 2016 to approximately RMB345.8 million for FY2017; (ii) the increase in staff costs of approximately RMB55.7 million or approximately 24.5% 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 RMB398.7 million for the FY2016 to approximately RMB469.2 million for FY2017, which was directly related to more units of products manufactured.

Gross profit

Resulted from the factors discussed above, the gross profit increased to approximately RMB779.3 million for FY2017 (approximately RMB633.3 million for FY2016), representing an increase of approximately 23.1%. Our gross profit margin maintained at approximately 41.5% for FY2017, due to increased production capacities which resulted a scale effect, the gross profit margin improved 0.4 percentage point when compared against FY2016, despite the addition of two new production lines within FY2017.

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.

Selling and distribution expenses

Selling and distribution expenses increased by approximately RMB8.0 million or approximately 27.3% to approximately RMB37.5 million for FY2017 from approximately RMB29.4 million for FY2016. The increase was primarily due to the continuous increase in sales related staff costs as a result of the increase in number of sales related staff and their compensation level, as well as their relevant travelling expenses to cope with our business growth.

Administrative expenses

The table below summarises the components of administrative expenses:

	FY2017		FY2016	
	RMB'000	***%***	*RMB'000*	*%*
Staff costs	**138,292**	**50.3%**	115,390	52.8%
Research and development expenses	**42,793**	**15.6%**	36,024	16.5%
Listing expenses	**17,794**	**6.5%**	11,887	5.4%
Travel and transportation expenses	**14,990**	**5.5%**	10,896	5.0%
Depreciation and amortisation	**12,539**	**4.6%**	8,923	4.1%
Office supplies	**10,172**	**3.7%**	9,572	4.4%
Legal and professional fees	**5,275**	**1.9%**	2,637	1.2%
Rental expenses	**4,161**	**1.5%**	6,302	2.9%
Stamp duties and local government surcharges	**3,984**	**1.4%**	2,163	1.0%
Impairment of goodwill	**3,242**	**1.2%**	—	0.0%
Loss on disposal of property, plant and equipment	**2,752**	**1.0%**	1,462	0.7%
Insurance	**2,285**	**0.8%**	1,636	0.7%
Business development expenses	**1,996**	**0.7%**	2,093	1.0%
Others	**14,607**	**5.3%**	9,660	4.3%
	274,882	**100.0%**	218,645	100.0%

Administrative expenses increased by approximately RMB56.2 million or approximately 25.7% to approximately RMB274.9 million for FY2017 from approximately RMB218.6 million for FY2016. The increase was primarily due to (i) the non-recurring listing expenses of approximately RMB17.8 million was recorded in FY2017, whereas only approximately RMB11.9 million recorded in FY2016; (ii) the increase in staff costs of approximately RMB22.9 million due to both 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 headcounts in order to cope with the increased back-office administrative works; (iii) the continuous increase in R&D expenses of approximately RMB6.8 million in relation to new models and new surface treatment technologies requests from our customers; and (iv) one-off goodwill impairment of RMB3.2 million in respect to the acquisition of an electro-plating company located in Changzhou City during October 2017.

Net profit attributable to owners of the Company

Net profit attributable to owners of the Company increased by approximately 31.2% from approximately RMB298.3 million in FY2016 to approximately RMB391.3 million in FY2017. 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 RMB1,540.7 million for FY2016 to approximately RMB1,877.2 million or 21.8% growth for FY2017;

(ii) the gross profit also increased from approximately RMB633.3 million for FY2016 to approximately RMB779.3 million or approximately 23.1% increase for FY2017 as we were able to maintain a relatively stable gross profit margin at approximately 41.5% for FY2017 when compared to FY2016;

(iii) the increase of 27.3% in sales and distribution expenses during FY2017; 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 RMB17.8 million was recorded in FY2017, which is non-recurring in nature. After adjusting such listing expenses, the Group would have recorded a net profit of approximately RMB409.1 million in FY2017 (FY2016: approximately RMB310.2 million, adjusted for listing expenses).

Basic earnings per share attributable to owners of the Company for 2017 was approximately RMB44 cents (2016: approximately RMB40 cents).

Liquidity and financial resources

For FY2017, the Group's net cash inflow from operating activities amounted to approximately RMB366.0 million, as compared to approximately RMB311.9 million in FY2016.

The Group had a finance lease payable of only approximately RMB0.8 million as at 31 December 2017 (31 December 2016: RMB5.1 million).

As at 31 December 2017, the gearing ratio, being total bank borrowings divided by total equity was 0.04% (31 December 2016: 0.49%).

The annual interest rate of the bank and other borrowings during FY2017 was 7.0% (FY2016: 7.0%).

Commitments

As at 31 December 2017, the Group had the following commitments:

	RMB'000
Capital commitments	112,249
Capital expenditure contracted but not provided for in the consolidated financial statements in respect of:	
Acquisition of property, plant and equipment	94,052

Interest Rate And Foreign Exchange Risks

As at 31 December 2017, the balance of bank borrowings of the Group was approximately RMB0.8 million, of which all the borrowing was bearing at fixed interest rates.

The Group's cash and cash equivalents are mainly denominated in RMB, EUR and USD. As at 31 December 2017, the Group's cash and cash equivalents denominated in currencies other than the functional currencies amounted to approximately RMB754.6 million of which approximately RMB582.1 million was denominated in USD, approximately RMB56.7 million was denominated in EUR, approximately RMB112.8 million was denominated in HKD.

As a result of the constant increase of overseas sales and the vigorous fluctuation in currency markets, the management of the Group expressed a more cautious attitude on the foreign exchange risk and closely monitored the foreign exchange exposure and adjusted the control strategy.

Contingent Liabilities

As at 31 December 2017, the Group had no contingent liabilities (31 December 2016: Nil).

Mortgaged Assets

The Group pledged freehold lands and buildings with a net book value of approximately RMB6.6 million (31 December 2016: approximately RMB8.5 million to secure general banking facilities granted to the Group).

Capital Expenditure

Capital expenditure includes the acquisition of property, plant and equipment, the increase in construction in progress and the addition of land use rights. During FY2017, the Group's capital expenditure amounted to approximately RMB246.0 million (FY2016: approximately RMB176.8 million). The capital expenditure for FY2017 accommodated the increase of investment in plastic injection and electroplating production capacity expansion according to the Group's plan.

Use Of Proceeds From The Listing

The net proceeds from the Listing amounted to approximately HK$855.0 million (equivalent to approximately RMB741.5 million). Such proceeds are intended to be applied in accordance with the proposed applications as set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

As at 31 December 2017, the net proceeds were applied as follows:

	Percentage of total amount	**Net proceeds from the Company's IPO**	**Amount Utilized**	**Amount un-utilized**
		RMB million	*RMB million*	*RMB million*
Purpose				
Expanding and improving the production facilities in the PRC:				
i) Set up the Huizhou New Production Base	20.9%	155.0	39.2	115.8
ii) Construct the Wuxi New Production Base	10.3%	76.4	12.0	64.4
iii) Construct a new electroplating production line	3.1%	23.0	17.4	5.6
iv) Invest in plastic injection equipment	1.6%	11.9	11.9	—
Constructing the new production base in Mexico and investing in production facilities and equipment	40.2%	298.1	64.8	233.3
Reinforcing the market position and enhancing the sales, increasing the direct exposure in the mid-to-high end automobile manufacturing segment and market shares in North America and Europe	5.4%	40.0	0.6	39.4
Enhancing the product quality, product safety and R&D capabilities	5.7%	42.3	6.1	36.2
Enhancing the information technology and customer services systems	4.8%	35.6	2.5	33.1
Working capital and general corporate purposes	8.0%	59.2	29.6	29.6
Total	100.0%	741.5	184.1	557.4

EMPLOYEES

As at 31 December 2017, the Group had 4,638 employees (31 December 2016: 4,025 employees). There were 4,601, 3, 18, 16 staff members in China, Hong Kong, the United States and Germany, respectively as at 31 December 2017. The remuneration and staff cost for FY2017 were approximately RMB359.8 million (FY2016: RMB303.1 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 of social insurance, 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 Company 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 Company reviews and determines the remuneration and compensation packages of the Directors and senior management of the Company with reference to salaries paid by comparable companies, time commitment and responsibilities of the Directors and senior management of the Company and performance of the Group.

DEVELOPMENT & TRAINING

All new employees are required to attend orientation training to ensure the employees are aware and familiarize themselves with the Group's values and goals and to ensure the employees understand their role in the Group. Employees are encouraged to attend seminars relevant to their position to enhance their role within the Group.

CAPITAL STRUCTURE

As at 31 December 2017, the Company's issued share capital was approximately RMB87.8 million, equivalent to HK$100.6 million and divided into 1,006,487,000 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).

SHARE OPTION SCHEME

A share option scheme (the "**2017 Share Option Scheme**") was adopted by written resolutions passed by the then Shareholders on 5 June 2017. Under the 2017 Share Option 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 2017 Share Option Scheme during FY2017. No share option was outstanding under the 2017 Share Option Scheme as at 31 December 2017 and as of the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities for the period from 28 June 2017 (the "**Listing Date**") to 31 December 2017.

MATERIAL LITIGATION AND ARBITRATION

The Group is not engaged in any litigation or arbitration of material importance during FY2017.

PROPOSED FINAL DIVIDEND

The Board has recommended the payment of a final dividend of RMB0.07 per ordinary share for the year ended 31 December 2017 to the shareholders whose names appear on the register of members of the Company on 4 June 2018 (the "**Proposed Final Dividend**"). Subject to the approval of the Company's shareholders at the Company's forthcoming annual general meeting to be held on 21 May 2018 (the "**2018 AGM**"), the Proposed Final Dividend is expected to be paid on or around 25 June 2018.

CLOSURE OF REGISTER OF MEMBERS FOR 2018 AGM

For the purpose of determining the rights to attend and vote at the 2018 AGM, the register of members of the Company will be closed from 16 May 2018 to 21 May 2018 (both days inclusive), during which period no transfer of shares of the Company will be effected. In order to be entitled to attend and vote at the 2018 AGM, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar 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 May 2018.

CLOSURE OF REGISTER OF MEMBERS FOR PROPOSED FINAL DIVIDEND

The payment of the Proposed Final Dividend is subject to the approval of the shareholders at the 2018 AGM. For the purpose of determining the entitlement to the Proposed Final Dividend, the register of members of the Company will be closed from 30 May 2018 to 4 June 2018 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to be entitled to the Proposed Final Dividend, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar 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 29 May 2018.

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the Board, as at the date hereof, the Company has maintained the public float as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") since the Listing Date and up to the date of this announcement.

CORPORATE GOVERNANCE

The Board monitored the corporate governance practices of the Company throughout the period from the Listing Date to 31 December 2017.

The Company recognizes the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of the shareholders as a whole. The Board is of the view that the Company has met the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "**Governance Code**") contained in Appendix 14 to the Listing Rules from the Listing Date to 31 December 2017.

The Board will continue to review and monitor the practices of the Company with an aim to maintaining and implementing a high standard of corporate governance practices.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuer" (the "**Model Code**") set out in Appendix 10 to the Listing Rules as its code of conduct regarding dealings in the securities of the Company by the directors of the Company and the Group's senior management who, because of his/her office or employment, is likely to possess inside information in relation to the Group or the Company's securities.

Upon specific enquiry, all Directors of the Company confirmed that they have complied with the Model Code during the period from the Listing Date to 31 December 2017. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management of the Group during the period from the Listing Date to 31 December 2017.

AUDIT COMMITTEE

The Board of Company has established an audit committee (the "**Audit Committee**") in compliance with Rule 3.21 of the Listing Rules. The Audit Committee has reviewed the consolidated financial statements of the Group for the year ended 31 December 2017, including accounting principles and policies adopted by the Group, and discussed internal controls and financial reporting matters.

The Audit Committee has also reviewed the remuneration and independence of the auditor of the Company, Ernst & Young, Certified Public Accountants of Hong Kong ("**Ernst & Young**"), and recommended that the Board re-appoint Ernst & Young as the Company's auditors for 2018, which is subject to the approval of the shareholders of the Company at the 2018 AGM.

SCOPE OF WORK OF ERNST & YOUNG

The figures in respect of the Group's results for the year ended 31 December 2017 as set out in the preliminary announcement have been agreed by the Group's independent auditor, Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standard on Review Engagements or Hong Kong Standards on Assurance Engagements issued by Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by Ernst & Young on the preliminary announcement of results.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.xinpoint.com. The 2017 annual report of the Company will be dispatched to the shareholders of the Company and published on the above-mentioned websites in due course.

APPRECIATION

On behalf of the Board, I would like to thank all our colleagues for their diligence, dedication, loyalty and integrity. I would also like to thank all our shareholders, customers, bankers and other business associates for their trust and support.

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

Hong Kong, 12 March 2018

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.