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 2018

FINANCIAL HIGHLIGHTS

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Revenue	**972,983**	886,889
Net profit	**198,329**	175,977
Basic and diluted earnings	**RMB20 cents per share**	RMB23 cents per share
Interim dividend	**RMB6 cents per share**	RMB5 cents per share
	As at 30 June 2018	As at 31 December 2017
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Property, plant and equipment	**795,199**	612,965
Cash and cash equivalents	**676,491**	812,108
Working capital		
(Current assets less current liabilities)	**1,158,779**	1,222,922

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 2018 (the "**Period**" or "**1H 2018**") 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 **2018** ***RMB'000*** ***(Unaudited)***	 2017 *RMB'000* *(Unaudited)*
REVENUE	3	**972,983**	886,889
Cost of sales		**(594,295)**	(514,129)
Gross profit		**378,688**	372,760
Other income and gains		**28,261**	12,946
Sales and distribution expenses		**(26,362)**	(23,303)
Administrative expenses		**(139,297)**	(126,077)
Finance costs		**(13)**	(166)
Share of profits of an associate		**704**	425
PROFIT BEFORE TAX	4	**241,981**	236,585
Income tax expense	5	**(43,652)**	(60,608)
PROFIT FOR THE PERIOD		**198,329**	175,977
OTHER COMPREHENSIVE INCOME:			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**11,679**	2,180
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		**11,679**	2,180
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**210,008**	178,157
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	7	**RMB20 cents**	RMB23 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**As at 30 June 2018**	As at 31 December 2017
		RMB'000	*RMB'000*
		(Unaudited)	*(Audited)*
NON-CURRENT ASSETS			
Property, plant and equipment		**795,199**	612,965
Prepaid land lease payments		**46,140**	40,204
Investment in an associate		**2,214**	1,510
Prepayments, deposits and other receivables		**89,399**	72,077
Deferred tax assets		**5,547**	10,890
Total non-current assets		**938,499**	737,646
CURRENT ASSETS			
Inventories		**413,571**	327,303
Trade and bills receivables	8	**519,990**	538,256
Prepayments, deposits and other receivables		**155,205**	120,042
Derivative financial instruments		**4,736**	3,750
Prepaid land lease payments		**1,014**	951
Cash and cash equivalents		**676,491**	812,108
Total current assets		**1,771,007**	1,802,410
CURRENT LIABILITIES			
Trade payables	9	**216,452**	193,506
Other payables and accruals	10	**219,222**	202,498
Interest-bearing bank and other borrowings		**—**	844
Tax payable		**176,554**	182,640
Total current liabilities		**612,228**	579,488
NET CURRENT ASSETS		**1,158,779**	1,222,922
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,097,278**	1,960,568

	As at 30 June 2018 *RMB'000* *(Unaudited)*	As at 31 December 2017 *RMB'000* *(Audited)*
NON-CURRENT LIABILITIES		
Deferred tax liabilities	**96**	141
Total non-current liabilities	**96**	141
Net assets	**2,097,182**	1,960,427
EQUITY		
Equity attributable to owners of the parent		
Share capital	**87,800**	87,800
Reserves	**2,009,382**	1,872,627
Total equity	**2,097,182**	1,960,427

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 2017.

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 year ended 31 December 2017, 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 HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*
HKFRS 9	*Financial Instruments*
HKFRS 15	*Revenue from Contracts with Customers*
Amendments to the HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*
Amendments to HKAS 40	*Transfers of Investment Property*
HK (IFRIC) - Int 22	*Foreign Currency Transactions and Advance Consideration*

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	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Revenue		
Sale of automotive decorative components	**968,589**	878,808
Sale of non-automotive components	**4,394**	8,081
	972,983	886,889

4. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Cost of inventories sold	**594,295**	514,129
Depreciation	**34,046**	30,273
Amortisation of land lease payments	**524**	392
Fair value loss on derivative financial instruments, net	**568**	332
Loss on disposal of items of property, plant and equipment, net	**151**	171
Foreign exchange differences, net	**(7,737)**	(2,022)

5. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2017: 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 27.0% (six months ended 30 June 2017: 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 2017: 28.0%). Tax on profits assessable in Mainland China has been calculated at the applicable Mainland China corporate income tax ("CIT") rate of 25% (six months ended 30 June 2017: 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	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Current – China		
Charge for the year	**29,866**	48,506
Overprovision in prior years	**(14,428)**	(9,236)
Current – Hong Kong	**14,021**	4,580
Current – Germany	**4,415**	6,156
Current – U.S.	**4,636**	7,265
Deferred tax	**5,142**	3,337
Total tax charge for the Period	**43,652**	60,608

6. INTERIM DIVIDEND

The Board has resolved that an interim dividend of RMB0.06 (six months ended 30 June 2017: RMB0.05) per share amounting to approximately RMB60,389,000 in aggregate, for six months ended 30 June 2018 shall be paid to the shareholders of the Company whose names appeared on the register of members on 19 September 2018.

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 2018 and 2017.

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Profit for the period and earnings for the purpose of basic and diluted earnings per share	**198,329**	175,977
	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	1,006,487,000	754,109,589

	Six months ended 30 June	
	2018	2017
	RMB	*RMB*
	(Unaudited)	*(Unaudited)*
Earnings per share		
Basic and diluted	**20 cents**	23 cents

For the period ended 30 June 2017, the weighted average number of ordinary shares used to calculate the basic earnings per share 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 1 January 2017.

The weighted average number of ordinary shares used to calculate the basic earnings per share for the period ended 30 June 2017 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 2018 and 2017 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 ageing 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 2018	31 December 2017
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Trade receivables:		
Within 1 month	**357,505**	387,492
1 to 2 months	**85,201**	98,773
Over 2 months	**77,284**	51,991
	519,990	538,256

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

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

	30 June 2018	31 December 2017
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Trade payables:		
Within 1 month	**151,413**	144,378
1 to 2 months	**25,164**	25,423
2 to 3 months	**16,607**	10,605
Over 3 months	**23,268**	13,100
	216,452	193,506

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

10. OTHER PAYABLES AND ACCRUALS

	30 June 2018	31 December 2017
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Other payables	**39,928**	29,337
Accruals	**174,735**	165,960
Receipts in advance	**4,559**	7,201
Current portion	**219,222**	202,498

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

11. EVENTS AFTER THE REPORTING PERIODĐ

There are no material subsequent events undertaken by the Company or by the Group after 30 June 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

The automotive industry faced challenging times in 1H 2018: the growth in global automotive demand remained low, and we take a conservative position on the outlook because of rising interest rates and escalation of trade conflicts between China and the US. Automotive manufacturers and suppliers are also facing margin pressure resulting from rising commodity costs and lower sales volumes. Tighter credit availability and rising interest rates brought uncertainties to consumers that may have impacts on customers' demands.

While there are uncertainties ahead, the market believes global automotive demand is likely to remain stable and China's outlook remaining stable to positive, but the US market showed some signs of softening, and European markets continuing a moderate growth trend. Market belief is that the global automotive industry is nearing a major crossroad - at present, there are accelerating technological transformation and changing consumer tastes and demands, which are likely to result in increasing demands or opportunities in automotive decorative components and technologies.

Business Review

In 1H 2018, the Group faced uncertain times and experienced lower demands and program delays from our customers, and the Group recorded a lower-than-expected growth in our business. The total number of sales units increased from approximately 179.1 million in the first half of 2017 ("**1H 2017**") to 182.6 million in 1H 2018, representing a growth of approximately 2.0%, while total revenue of the Group rose to approximately RMB973.0 million, representing an increase of approximately 9.7% as compared with the corresponding period of last year (1H 2017: approximately RMB886.9 million). As our revenue increased at a proportion less than that of our cost of sales increased for 1H 2018, as a result, the Group's total gross profit only increased by approximately 1.6% from approximately RMB372.8 million in 1H 2017 to approximately RMB378.7 million in 1H 2018.

Electro-plating production capacity and utilization rate

In 1H 2018, we set up a new production line, our annualized electro-plating production capacity is increased from approximately 3.18 million sq.m. by the end of 2017 to approximately 3.54 million sq.m. by the end of June 2018 as planned.

The average utilisation rate of our electro-plating production capacity for 1H 2018 was approximately 74.9% when compared with the rate of 84.0% for 1H 2017; the average utilization rate decreased because of the increase in the total production capacities of the Group and a lower-than-expected growth in customers' orders.

Production yield

During 1H 2018, our average production yield rate was approximately 88.0%, around 1.4 percentage point lower as compared with the average production yield rate of approximately 89.4% in 2017, as a result of new production facilities ramp-ups.

Order book

Our order book remained stable 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 ended in 2022 of approximately RMB9.1 billion as at 30 June 2018.

Outlook

By the end of June 2018, we completed the acquisition of a tool making company located in Germany at a total consideration of EUR5.8 million. This tool making company specializes in the production of tools for plastics injection die moulding and the management of the Group expects that this acquisition will expedite the Group's plans to enhance its capabilities and technical know-hows for developing new products for the Group's customers. In addition, the acquisition will also be beneficial to the Group's continuing efforts of expanding business relationships with its existing premium customers. Due to the scale and considerate of this acquisition, we do not expect this acquisition will have significant impacts to the 2018 full year results on our financial position.

Despite a growing economy around the globe, the automobile industry outlook is still unclear at the moment. On 10 July 2018, the United States Trade Representative released a third proposed list ("**Third List**") covering over 6,000 tariff items that, if implemented, would subject these goods to an additional 10% custom duty. Our products currently exporting to the US is on the Third List. Although the Third List does not have an implementation date yet and is still subject to public comment, it will be challenging for companies whose products are on the Third List and may not be able to transfer the additional custom duty to our customers for a period of time once the additional 10% custom duty is imposed.

The Group is paying full attention to the latest developments of the implementation of Third List and is proactively communicating with our customers and currently reviewing our new quotations for potential new orders.

Revenue

Our revenue increased by only approximately RMB86.1 million or approximately 9.7% to approximately RMB973.0 million for 1H 2018 as a result of lower demands and program delays from our customers. The total number of units of automotive decorative components sold in 1H 2018 increased to approximately 182.6 million or approximately 2.0% from the same period in 2017, while the average selling price increased by approximately RMB0.4 per unit or approximately 8.2% to RMB5.3 per unit in 1H 2018.

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 from the PRC market increased by approximately RMB69.6 million or approximately 18.1% to approximately RMB454.8 million for 1H 2018; the total number of units of automotive decorative components sold in the PRC for 1H 2018 also increased by approximately 5.4 million units or approximately 5.2% from the same period in 2017; (ii) the increase in average selling price from RMB4.9 per unit for 1H 2017 to RMB5.3 per unit for 1H 2018, which was primarily due to new contracts entered into with customers with a higher unit selling price in PRC, North America and Europe; and (iii) the increase in quantity sold in the European market by 1.3 million units or 4.7% for 1H 2018 as a result of our continued sales efforts in the European market.

Revenue by geographic segment:

	For the six months ended 30 June			
	2018		2017	
	RMB'000	***%***	*RMB'000*	*%*
China	**454,784**	**47**	385,156	43
North America	**256,967**	**26**	251,248	28
Europe	**230,377**	**24**	219,188	25
Others	**30,855**	**3**	31,297	4
	972,983	**100**	886,889	100

Cost of sales

	Six months ended 30 June			
	2018		2017	
	RMB'000	***%***	*RMB'000*	*%*
Direct materials	**166,623**	**28.0**	144,979	28.2
Staff costs	**178,178**	**30.0**	141,008	27.4
Overheads	**249,494**	**42.0**	228,142	44.4
– Depreciation	**26,850**	**4.5**	25,049	4.9
– Processing fees	**38,368**	**6.5**	41,337	8.0
– Consumables	**44,288**	**7.5**	34,087	6.6
– Mold cost	**38,388**	**6.5**	37,589	7.3
– Utilities	**46,776**	**7.9**	38,312	7.5
– Shipping and delivery	**14,275**	**2.4**	13,423	2.6
– Others	**40,549**	**6.7**	38,345	7.5
	594,295	**100.0**	514,129	100.0

Cost of sales increased by approximately RMB80.2 million or approximately 15.6% to approximately RMB594.3 million for 1H 2018. Such increase was mainly due to (i) the increase in cost of raw materials by approximately RMB21.6 million or 14.9% from RMB145.0 million for the 1H 2017 to approximately RMB166.6 million for 1H 2018. The increase was mainly driven by increase in the number of products produced during the period together with an increase in raw material price level for 1H 2018; (ii) the increase in staff cost of approximately RMB37.2 million or approximately 26.4% as a result of an increase in the number of front line staff for our new factories (including the two new injection factories in Huizhou and Wuxi) and also in their compensation levels; and (iii) the increase in other variable overheads from approximately RMB228.1 million for the 1H 2017 to approximately RMB249.5 million for 1H 2018, which was directly related to higher number of units of products being manufactured.

Gross Profit

Resulted from the factors discussed above, the gross profit increased to approximately RMB378.7 million for the Period (approximately RMB372.8 million for 1H 2017), representing an increase of approximately 1.6%.

Our gross profit margin decreased by 3.1 percentage points to 38.9% for 1H 2018 as compared to 42.0% for 1H 2017, the drop in gross profit margin was the combined effects of the followings:

1. revenue increased at a proportion less than that for our cost of sales for 1H 2018;
2. increased staff cost/materials for 1H 2018 in connection with the operation of new production facilities;
3. increase in power and waste water treatment costs; and
4. increase in raw material prices for 1H 2018 as compared to 1H 2017, especially from the increased prices in metals.

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. Other income and gains for 1H 2018 increased by approximately RMB15.3 million or approximately 1.18 time as compared to 1H 2017 was mainly due to increase of interests earned from the proceeds from IPO deposited into our bank accounts.

Sales and distribution expenses

Sales and distribution expenses increased by approximately RMB3.1 million or approximately 13.1% to approximately RMB26.4 million for 1H 2018 from approximately RMB23.3 million for 1H 2017. The increase was primarily due to the combined effects of increase in staff costs, as well as 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			
	2018		2017	
	RMB'000	*%*	*RMB'000*	*%*
Staff costs	**71,467**	**51.3**	58,013	46.0
Research and development expenses	**30,800**	**22.1**	24,161	19.2
Listing expenses	**—**	**0.0**	16,633	13.2
Travel and transportation expenses	**3,168**	**2.3**	2,955	2.3
Office supplies	**5,376**	**3.9**	4,854	3.9
Legal and professional fees	**10,514**	**7.5**	4,612	3.7
Depreciation and amortisation	**6,963**	**5.0**	3,705	2.9
Rental expenses	**3,184**	**2.3**	2,774	2.2
Stamp duties and local government surcharges	**325**	**0.2**	1,129	0.9
Business development expenses	**530**	**0.4**	740	0.6
Loss on disposal of property, plant and equipment	**151**	**0.1**	171	0.1
Others	**6,819**	**4.9**	6,330	5.0
	139,297	**100.0**	126,077	100.0

Administrative expenses increased by approximately RMB13.2 million or approximately 10.5% to approximately RMB139.3 million for 1H2018 from approximately RMB126.1 million for 1H2017. The increase was primarily due to: (i) the increase in staff costs by approximately RMB13.5 million, which is attributable to an increase in the overall headcount of the Group and also 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; (ii) the increase in research and development ("**R&D**") expenses by approximately RMB 6.6 million in relation to new models and new surface treatment technologies as requested by our customers; (iii) the increase of legal and professional fees by RMB5.9 million for the professional advice and supports for various compliance requirements; and (iv) there was an amount of RMB1.8 million for the depreciation charged for the temporarily non-revenue generating plant and equipment in relation to our Changzhou production base which is pending reconstruction.

For 1H 2018, no listing expenses were incurred, whereas approximately RMB16.6 million was recorded in 1H 2017.

Profit for the period

Profit for the period increased by approximately 12.7% from approximately RMB176.0 million for 1H 2017 to approximately RMB198.3 million for 1H 2018. This was primarily due to the followings:

(i) the Group experienced slowdown in the growth of the revenue from the sales of automotive decorative components for all regions, however, we still recorded a revenue growth from approximately RMB886.9 million for 1H 2017 to approximately RMB973.0 million or 9.7% growth for 1H 2018;

(ii) the gross profit also increased from approximately RMB372.8 million for 1H 2017 to approximately RMB378.7 million or approximately 1.6% increase for 1H 2018;

(iii) the increase of 13.1% in sales and distribution expenses during 1H 2018;

(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, no listing expenses was recorded in 1H 2018; and

(v) the decrease in our effective tax rate from 25.6% for 1H 2017 to 18.0% for 1H 2018 as a result of written-back of over-provisions in the past year.

Basic earnings per share attributable to owners of the Company for 1H 2018 was approximately RMB20 cents (1H 2017: approximately RMB23 cents).

LIQUIDITY AND FINANCIAL RESOURCES

For the Period, the Group's net cash inflow from operating activities amounted to approximately RMB245.5 million, as compared to approximately RMB174.2 million in 1H 2017.

The Group did not have any borrowings or debt securities as at 30 June 2018, while the Group had a finance lease payable of approximately RMB0.8 million as at 31 December 2017.

As at 30 June 2018, the gearing ratio, being total bank borrowings divided by total equity was 0% (31 December 2017: 0.04%).

The annual interest rate of the bank and other borrowings during the Period was 7.0% (1H 2017: 7.0%).

INTERIM DIVIDEND

The Board resolved to pay an interim dividend of RMB0.06 per share for 1H 2018 (1H 2017: RMB0.05 per share). 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 one business day of the PRC prior to the declaration of interim dividend (i.e. 3 August 2018) (HK$1 = RMB0.87042). Accordingly, the amount of interim dividend payable in Hong Kong dollars will be HK$0.0689 per share.

The interim dividend will be distributed on or around 12 October 2018 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 19 September 2018.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 17 September 2018 to 19 September 2018, 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 12 October 2018, 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 14 September 2018.

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 2018 and as at the date of this announcement.

CAPITAL STRUCTURE

As at 30 June 2018, 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 2017: RMB87.8 million).

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 the shares of the Company from the initial public offer (the "**Listing**") as set out in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated 16 June 2017 (the "**Prospectus**") .

There were no significant investments held as at 30 June 2018 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 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 Proceed" in the Prospectus.

As at 30 June 2018, 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 (note 1)	20.9	155.0	102.4	52.6
ii) Construct the Wuxi New Production Base (note 2)	10.3	76.4	41.5	34.9
iii) Construct a new electroplating production line	3.1	23.0	23.0	—
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 (note 3)	40.2	298.1	98.7	199.4
Reinforcing the market position and enhancing the sales, increasing he direct exposure in the mid-to-high end automobile manufacturing segment and market shares in North America and Europe	5.4	40.0	1.2	38.8
Enhancing the product quality, product safety and R&D capabilities	5.7	42.3	8.7	33.6
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	44.4	14.8
Total	100.0	741.5	334.3	407.2

Note (1): Phase one of the Huizhou New Production Base was completed in early 2018 and phase two development also commenced in early 2018 which include the construction of one spray printing production lines, a new tooling workshop and a new centralised warehouse.

Note (2): Our Wuxi New Production Base was completed in 1H 2018, and we plan to install more plastic injection machines in our Wuxi New Production Base in 2H 2018.

Note (3): The new production base in Mexico is still under construction and we expect its operations will commence in the first six months of 2019.

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 2018, the Group did not have any mortgage or charge over its assets. As at 31 December 2017, the Group's certain equipment with carrying value of RMB6.6 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 2018 and 31 December 2017 were approximately RMB184.6 million and approximately RMB112.2 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 2018 and 31 December 2017.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2018, the Group had 5,416 employees (31 December 2017: 4,638 employees), among which 5,379, 3, 19, 15 staff members employed in China, Hong Kong, the United States and Germany, respectively. The remuneration and staff cost for the Period were approximately RMB261.2 million (1H 2017: RMB209.7 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 Group. 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 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 for the Period.

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**") for the Period.

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 for the Period.

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 Audit Committee has reviewed the Group's unaudited condensed consolidated interim financial information for 1H 2018. Based on this review and discussions with the management, the Audit Committee was satisfied that the financial information was prepared in accordance with applicable accounting standards and fairly presented the Group's financial position and results for 1H 2018.

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, 6 August 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.