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 2019

FINANCIAL HIGHLIGHTS

- Revenue increased by approximately 3.9% to approximately RMB2,130.8 million (FY2018: approximately RMB2,049.9 million).
- Gross profit decreased by approximately 22.9% to approximately RMB578.2 million (FY2018: approximately RMB750.3 million).
- Profit attributable to owners of the Company decreased by approximately 47.9% to approximately RMB205.5 million (FY2018: approximately RMB394.8 million).
- Proposed final dividend amounted to RMB0.092 per share.
- Capital expenditure decreased by approximately 23.5% to approximately RMB373.8 million (FY2018: approximately RMB488.5 million).
- Consolidated net asset value increased by approximately 4.8% to approximately RMB2,358.4 million (FY2018: approximately RMB2,251.4 million).

The board (the "**Board**") of directors (the "**Directors**") of Xin Point Holdings Limited (the "**Company**") is pleased to announce the consolidated financial results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2019 ("**FY2019**"), together with the comparative figures for the year ended 31 December 2018 ("**FY2018**") reviewed by the audit committee of the Company ("**Audit Committee**") as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	**2019**	2018
		RMB'000	RMB'000
REVENUE	4	**2,130,753**	2,049,949
Cost of sales		**(1,552,593)**	(1,299,639)
Gross profit		**578,160**	750,310
Other income and gains		**43,138**	56,472
Selling and distribution expenses		**(59,925)**	(55,116)
Administrative expenses		**(314,179)**	(281,298)
Other expenses		**(9,256)**	—
Finance costs		**(3,757)**	(62)
Share of profit of an associate		**1,366**	1,329
PROFIT BEFORE TAX	5	**235,547**	471,635
Income tax expense	6	**(30,622)**	(76,811)
PROFIT FOR THE YEAR		**204,925**	394,824
Attributible to:			
Owners of the parent		**205,452**	394,824
Non-controlling interests		**(527)**	—
		204,925	394,824

	Notes	**2019**	2018
		RMB'000	*RMB'000*
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**25,945**	28,612
OTHER COMPREHENSIVE INCOME FOR THE YEAR		**25,945**	28,612
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**230,870**	423,436
Attributible to:			
Owners of the parent		**231,397**	423,436
Non-controlling interests		**(527)**	—
		230,870	423,436
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
– Basic and diluted	8	**RMB20 cents**	RMB39 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2019

	Notes	**2019**	2018
		RMB'000	*RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**1,207,085**	964,237
Right-of-use assets		**144,719**	—
Prepaid land lease payments		**—**	47,064
Goodwill		**9,441**	18,890
Intangible asset		**2,011**	2,682
Investment in an associate		**3,005**	2,239
Prepayments		**150,180**	137,979
Deferred tax assets		**2,324**	4,318
Total non-current assets		**1,518,765**	1,177,409
CURRENT ASSETS			
Inventories		**443,252**	499,203
Trade and bills receivables	9	**603,897**	565,742
Prepayments, deposits and other receivables		**153,406**	164,361
Derivative financial instruments		**4,215**	3,248
Prepaid land lease payments		**—**	1,082
Cash and cash equivalents		**462,814**	521,780
Total current assets		**1,667,584**	1,755,416

	Notes	**2019**	2018
		RMB'000	*RMB'000*
CURRENT LIABILITIES			
Trade payables	10	**266,772**	221,413
Other payables and accruals		**241,856**	247,528
Interest-bearing bank and other borrowings		**1,489**	3,066
Lease liabilities		**30,286**	—
Tax payable		**213,974**	204,998
Total current liabilities		**754,377**	677,005
NET CURRENT ASSETS		**913,207**	1,078,411
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,431,972**	2,255,820
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**1,662**	3,279
Deferred tax liabilities		**903**	1,171
Lease liabilities		**71,026**	—
Total non-current liabilities		**73,591**	4,450
Net assets		**2,358,381**	2,251,370
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**87,485**	87,485
Reserves		**2,270,585**	2,163,885
		2,358,070	2,251,370
Non-controlling interests		**311**	—
Total equity		**2,358,381**	2,251,370

NOTES

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (2010 Revision) of the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Dox 2681, Grand Cayman, KY1-111, Cayman Islands.

During the year, the Group was involved in the manufacture and sale of automotive and electronic components.

2.1 BASIS OF PREPARATION

The consolidated 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. The financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*
HKFRS 16	*Leases*
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

Except for the amendments to HKFRS 9, HKAS 19, and *Annual Improvements to HKFRSs 2015-2017 Cycle*, which are not relevant to the preparation of the Group's financial statements, the nature and the impact of the new and revised HKFRSs are described below:

(a) HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases - Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model to recognise and measure right-of-use assets and lease liabilities, except for certain recognition exemptions. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors continue to classify leases as either operating or finance leases using similar principles as in HKAS 17.

The Group has adopted HKFRS 16 using the modified retrospective method with the date of initial application of 1 January 2019. Under this method, the standard has been applied retrospectively with the cumulative effect of initial adoption recognised as an adjustment to the opening balance of retained profits at 1 January 2019, and the comparative information for 2018 was not restated and continued to be reported under HKAS 17 and related interpretation.

New definition of a lease

Under HKFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for various items of properties and equipments. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low value assets (elected on a lease by lease basis) and leases with a lease term of 12 months or less ("short-term leases") (elected by class of underlying asset). Instead of recognising rental expenses under operating leases on a straight-line basis over the lease term commencing from 1 January 2019, the Group recognises depreciation (and impairment, if any) of the right-of-use assets and interest accrued on the outstanding lease liabilities (as finance costs).

Impacts on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments and discounted using the incremental borrowing rate at 1 January 2019. The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019.

All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position. This included RMB48.1 million recognised previously as prepaid land lease payments on 31 December 2018 that were reclassified as right-of-use assets.

The Group has applied the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application when applying HKFRS 16 at 1 January 2019.

Financial impact at 1 January 2019

The impacts arising from the adoption of HKFRS 16 at 1 January 2019 are as follows:

	Increase/ (decrease) *RMB'000*
Assets	
Increase in right-of-use assets	121,742
Decrease in prepaid land lease payments	(48,146)
Increase in total assets	73,596
Liabilities	
Increase in lease liabilities	73,596
Increase in total liabilities	73,596

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 is as follows:

	RMB'000
Operating lease commitments as at 31 December 2018	**87,082**
Weighted average incremental borrowing rate as at 1 January 2019	3.1%
Discounted operating lease commitments as at 1 January 2019	80,186
Less: Commitments relating to short-term leases and those leases with a remaining lease term ended on or before 31 December 2019	(6,590)
Lease liabilities as at 1 January 2019	73,596

(b) Amendments to HKAS 28 clarify that the scope exclusion of HKFRS 9 only includes interests in an associate or joint venture to which the equity method is applied and does not include long-term interests that in substance form part of the net investment in the associate or joint venture, to which the equity method has not been applied. Therefore, an entity applies HKFRS 9, rather than HKAS 28, including the impairment requirements under HKFRS 9, in accounting for such long-term interests. HKAS 28 is then applied to the net investment, which includes the long-term interests, only in the context of recognising losses of an associate or joint venture and impairment of the net investment in the associate or joint venture. The Group assessed its business model for its long-term interest in an associate upon adoption of the amendments on 1 January 2019 and concluded that the long-term interest in an associate continue to be measured at amortised cost in accordance with HKFRS 9. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

(c) HK(IFRIC)-Int 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. Upon adoption of the interpretation, the Group considered whether it has any uncertain tax positions arising from the transfer pricing on its intragroup sales. Based on the Group's tax compliance and transfer pricing study, the Group determined that it is probable that its transfer pricing policy will be accepted by the tax authorities. Accordingly, the interpretation did not have any significant impact on the financial position or performance of the Group.

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

	2019	2018
	RMB'000	*RMB'000*
China	**906,301**	964,596
North America	**672,799**	549,399
Europe	**454,359**	469,235
Other countries	**97,294**	66,719
	2,130,753	2,049,949

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

(b) Non-current assets

	2019	2018
	RMB'000	*RMB'000*
China	**1,183,294**	977,750
Other countries	**333,147**	195,341
	1,516,441	1,173,091

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

Information about a major customer

Revenue of approximately RMB231,277,000 (2018: RMB191,366,000) was derived from sales to a single customer, including sales to a group of entities which are known to be under common control with that customer.

4. REVENUE

An analysis of revenue is as follows:

	2019	2018
	RMB'000	*RMB'000*
Revenue from contracts with customers	**2,130,753**	2,049,949

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 31 December 2019

Segments	Non-automotive components *RMB'000*	Automotive components *RMB'000*	Total *RMB'000*
Type of goods			
Sale of goods	**5,534**	**2,125,219**	**2,130,753**
Total revenue from contracts with customers	**5,534**	**2,125,219**	**2,130,753**
Geographical markets			
China	**5,534**	**900,767**	**906,301**
North America	**—**	**672,799**	**672,799**
Europe	**—**	**454,359**	**454,359**
Other countries	**—**	**97,294**	**97,294**
Total revenue from contracts with customers	**5,534**	**2,125,219**	**2,130,753**
Timing of revenue recognition			
Goods transferred at a point in time	**5,534**	**2,125,219**	**2,130,753**
Total revenue from contracts with customers	**5,534**	**2,125,219**	**2,130,753**
Revenue from contracts with customers			
External customers	**5,534**	**2,125,219**	**2,130,753**
Total revenue from contracts with customers	**5,534**	**2,125,219**	**2,130,753**

For the year ended 31 December 2018

Segments	Non-automotive components *RMB'000*	Automotive components *RMB'000*	Total *RMB'000*
Type of goods			
Sale of goods	**9,736**	**2,040,213**	**2,049,949**
Total revenue from contracts with customers	**9,736**	**2,040,213**	**2,049,949**
Geographical markets			
China	**9,736**	**954,860**	**964,596**
North America	**—**	**549,399**	**549,399**
Europe	**—**	**469,235**	**469,235**
Other countries	**—**	**66,719**	**66,719**
Total revenue from contracts with customers	**9,736**	**2,040,213**	**2,049,949**
Timing of revenue recognition			
Goods transferred at a point in time	**9,736**	**2,040,213**	**2,049,949**
Total revenue from contracts with customers	**9,736**	**2,040,213**	**2,049,949**
Revenue from contracts with customers			
External customers	**9,736**	**2,040,213**	**2,049,949**
Total revenue from contracts with customers	**9,736**	**2,040,213**	**2,049,949**

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2019	2018
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of goods	**8,145**	7,201

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of industrial products

The performance obligation is satisfied upon delivery of the industrial products and payment is generally due within 30 to 90 days from delivery, except for new customers, where payment in advance is normally required.

5. PROFIT BEFORE TAX

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

	2019	2018
	RMB'000	*RMB'000*
Cost of inventories sold@	**1,552,593**	1,299,639
Depreciation of property, plant and equipment	**118,263**	101,440
Depreciation of right-of-use assets	**32,436**	—
Amortisation of prepaid land lease payments	**—**	1,061
Amortisation of intangible asset*	**670**	670
Minimum lease payments under operating leases	**—**	30,649
Lease payments not included in the measurement of lease liabilities	**5,629**	—
Impairment of trade and bills receivables	**88**	—
Research and development costs#	**63,058**	56,298
Fair value loss/(gain) on derivative financial instruments, net	**(902)**	502
Auditors' remuneration	**3,240**	3,831
Employee benefit expense@ (including directors' and chief executive's remuneration)		
Wages and salaries	**569,538**	445,382
Equity-settled share option expense	**6,483**	2,704
Pension scheme contributions	**61,832**	67,380
	637,853	515,466
Loss on disposal of items of property, plant and equipment, net*	**631**	453
Foreign exchange differences, net*	**(11,114)**	(24,588)
Impairment of goodwill**	**9,256**	—

* These gains are included in "Other income and gains" and the losses are included in "Administrative expenses", as appropriate, in the consolidated statement of profit or loss and other comprehensive income.

@ Part of the employee benefit expense is included in "Cost of inventories sold" in the consolidated statement of profit or loss and other comprehensive income.

\# Research and development costs are included in "Administrative expenses" in the consolidated statement of profit or loss and other comprehensive income.

** Impairment of goodwill is included in "Other expenses" in the consolidated statement of profit or loss and other comprehensive income.

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2018: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime effective from the year of assessment 2018/2019. The first HK$2,000,000 (2018: Nil) of assessable profits of this subsidiary is taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. For the Group's subsidiary established in the United States of America ("U.S."), income tax is calculated at the rate of 31.0% (2018: 31.0%). For the Group's subsidiary established in the Germany, income tax is calculated at the rate of 31.7% (2018: 31.7%). Tax on profits assessable in China has been calculated at the applicable China corporate income tax rate of 25% (2018: 25%) during the year, except for two subsidiaries of the Group which qualified as a High and New Technology Enterprise in Mainland China and a lower PRC corporate income tax rate of 15% (2018:15%) have been applied for the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2019	2018
	RMB'000	*RMB'000*
Current – China		
Charge for the year	**23,866**	53,000
Overprovision in prior years	**(35,623)**	(28,856)
Current – Hong Kong	**28,986**	34,610
Current – Germany	**7,581**	7,190
Current – U.S.	**4,086**	3,265
Deferred	**1,726**	7,602
Total tax charge for the year	**30,622**	76,811

7. DIVIDENDS

	2019	2018
	RMB'000	*RMB'000*
Interim – RMB0.0308 (2018: RMB0.06) per ordinary share	**30,889**	60,858
Proposed final – RMB0.092 (2018: RMB0.1) per ordinary share	**92,267**	100,291
	123,156	161,149

Final dividend of RMB0.092 per share amounting to approximately RMB92,267,000 in respect of the year ended 31 December 2019 (2018: RMB0.1 per share amounting to approximately RMB100,291,000) 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 are 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 2019 and 2018.

	2019	2018
	RMB'000	*RMB'000*
Profit for the year and earnings for the purpose of basic and diluted earnings per share	**205,452**	394,824

	2019	2018
	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	**1,002,905,000**	1,006,132,833

	Year ended 31 December	
	2019	2018
Earnings per share		
Basic and diluted	**RMB20 cents**	RMB39 cents

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2019 and 2018 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic earnings per share amounts presented.

9. 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 loss allowance, is as follows:

	2019	2018
	RMB'000	*RMB'000*
Within 1 month	**344,949**	314,133
1 to 2 months	**125,146**	152,074
2 to 3 months	**75,798**	63,593
Over 3 months	**58,004**	35,942
	603,897	565,742

The Group's trading terms with its customers are mainly on credit. The credit period is generally 30 to 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 ageing analysis of the trade payables as at the end of each of the reporting period, based on the invoice date, is as follows:

	2019	2018
	RMB'000	*RMB'000*
Within 1 month	**189,755**	149,992
1 to 2 months	**35,915**	40,252
2 to 3 months	**16,469**	9,626
Over 3 months	**24,633**	21,543
	266,772	221,413

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

11. EVENTS AFTER THE REPORTING PERIOD

1. On 7 January 2020, the Company and Wanka Online Inc., ("Wanka") a company incorporated in the Cayman Islands with limited liability and listed on the Main Board of the Stock Exchange (stock code: 1762), entered into a subscription agreement, pursuant to which the Company has conditionally agreed to subscribe for, and Wanka has conditionally agreed to allot and issue to the Company, 25,789,000 shares at a subscription price of HK$1.90 per share, and the completion of the subscription took place on 20 January 2020.

2. On 7 January 2020, one of the Group's indirectly wholly-owned subsidiary also entered into the joint venture agreement for the establishment of a limited liability company (the "JV Company") under the laws of the PRC. The formation of the JV Company and cooperation with Wanka will facilitate and bring about the Group's future business development in developing and establishing internet of vehicle related platform and a diversification of the Group's sole business.

   For more details, please refer to the Company's announcements dated 7 January and 20 January 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET OVERVIEW

The slowdown in the automative industry in 2019 was more significant than expected in the face of serious economic threats. The sector experienced a sharp downturn in production and sales in 2018, and projections correctly predicted a similar decline in 2019. Automakers faced greater pressures on their profit margins as stricter regulations and trade tensions hit their core businesses. Stricter pollution laws were rolled out across the European Union and the People's Republic of China (the "PRC"), forcing companies to spend more on lower-emissions technology. Tariffs raised against each other between the United States ("the US") and the PRC also raised the costs of crucial car-building materials, biting into manufacturers' profits.

Some automotive and automotive parts companies have showed warning signs. Volkswagen lowered its sales outlook, anticipating "vehicle markets will contract faster than previously anticipated in many regions of the world"; automative parts manufacturer Continental announced a $2.8 billion write-down, blaming the change on weaker expectations for the global market; and General Motors recently experienced and ended a five-week employees' strike after looking to close its plants.

Many consumers are also adopting a "wait-and-see attitude" towards car purchases due to technology advancements and electric vehicle production ramping up around the world. The PRC's car market is slowing down because of the escalating trade war during 2019 with the US and the expiration of local tax incentives. Car sales in the PRC are down 12% in 2019 as compared to 2018.

Although many forecasts anticipate another slight decline in global automotive sales in 2020, it is expected that it will be another challenging sales year ahead for the PRC due to the outbreak of the coronavirus disease (COVID-19) ("COVID-19 Outbreak"). While diminishing fiscal support in the US will continue to dampen automotive sales, the automobile sector in the Asia, especially within the PRC, has been considered an important part of the economy due to continuing government support. In the long run, there is still significant growth opportunity in emerging markets where per capita vehicle ownership is still very low.

BUSINESS OVERVIEW

We saw global sales of light vehicles falling to 75 million units in 2019. The 4.9% year-on-year decline reflects a synchronized slowdown in automotive sales across nearly all regions in the world. South Asian Pacific economies led the downturn with an 8.5% year-on-year decline largely caused by the 9.6% year-on-year decline from the PRC passenger vehicle market. Downward pressure within the automotive consumption was high and the Group only recorded a minimal revenue growth in 2019 as compared to 2018. The total number of sales units increased from approximately 378.5 million in 2018 to 378.8 million in 2019, representing a growth of approximately 0.1%, while total revenue of the Group rose to approximately RMB2,130.8 million, representing an increase of approximately 3.9% as compared with the corresponding period of last year (2018: approximately RMB2,049.9 million). Again, as our revenue increased at a proportion less than that of the increase of our cost of sales, as a result, the Group's total gross profit decreased by approximately 22.9% from approximately RMB750.3 million in 2018 to approximately RMB578.2 million in 2019.

Electro-plating production capacity and utilization rate

As of 31 December 2019, the Group's annualised electro-plating capacity was 4.19 million sq.m. due to new production facilities commencing trial operations at Lagos de Moreno, Mexico and Changzhou, the PRC, representing an increase of approximately 18.4% as compared with last year's production capacity (as at 31 December 2018: approximately 3.54 million sq.m).

The increase in the Group's overall electro-plating capacity was the result of:

1. the Group's first overseas electroplated factory located in Mexico having commenced its trial operation in October 2019, which has an annual capacity of approximately 700,000 sq.m;

2. the first production line in Changzhou city in the PRC having commenced its trial operation in August 2019, which also has an annual capacity of approximately 700,000 sq.m.; and

3. three production lines located in the production bases in Wuxi ("Wuxi Production Bases") having ceased operations due to obsolesce or re-location.

As the new production facilities in Mexico and Changzhou are still under trial operations, the Group's average utilization rate of our electro-plating production capacity for FY2019, excluding Mexico and Changzhou, was approximately 68.4 % (FY2018: 70.4%). Also there were production disruptions to the Wuxi Production Bases during the first half of 2019 ("1H2019").

The average utilisation rate of our electro-plating production capacity (excluding the Wuxi Production Bases, Mexico and Changzhou) for 2019 was approximately 87.5% when compared with the rate of 78.7% for 2018 (excluding the Wuxi Production Bases).

Production yield

Although our Wuxi Production Bases experienced production disruptions throughout 2018, our overall production yield rate was relatively stable and had a slight improvement, it was approximately 88.6% for FY2019, recording approximately one percentage point increase when compared with the average production yield rate of approximately 87.6% in 2018.

Outlook and Order book

The COVID-19 Outbreak has led to substantial travel bans and lockdowns across the PRC. Increased global travel restrictions amid virus infections locally and overseas also substantially reduced China's manufacturing capability, resulting in significant disruption to global supply chains and worldwide trade, posing a significant threat to the global economy.

For the first two months of 2020, we are estimating a 8.1% decline in revenue as compared to the same period in 2019, driven by the impact from the outbreak. Given the dynamic nature of these circumstances, the related impact on our Group's consolidated results of operations, cash flows and financial condition could not be reasonably estimated at this stage and will be reflected in the Group's 2020 interim and annual financial statements.

Although most of the forecasts estimate that light vehicle production volumes for 2020 will contract slightly, it seems that plentiful new model launches are keeping the industry supply base busy. During 2019, the Group received promising new orders figure of RMB3.2 billion from our customers for the next five years.

Therefore, with an additional provision of 10% of the new orders from the PRC market in 2020, we estimate that the Group could have total backlog orders of approximately RMB9.5 billion (after 10% provision for the PRC region in 2020) for the next five years from 1 January 2020 to end of 2024.

The Group will closely monitor the competitive and changing business landscape where both opportunities and challenges exist, while seizing opportunities and striving to create new value, with a view to maximising the value of our Company for our shareholders.

FINANCIAL REVIEW

Revenue

Although the major global automotive markets declined in sales in 2019, the Group's revenue still recorded an increase of approximately RMB80.9 million or approximately 3.9% in FY2019 from approximately RMB2,049.9 million for FY2018 to approximately RMB2,130.8 million. The total number of units of automotive decorative components sold in FY2019 increased by approximately 3.9 million units or only approximately 0.1% from FY2018, while the average selling price for automotive decorative components increased to approximately RMB5.63 per unit or approximately 4.1% when compared to FY2018.

The increase in the sales was mainly due to (i) the increase in revenue within the US market by approximately RMB123.4 million or approximately 22.5% from 549.4 million for FY2018 to approximately RMB672.8 million for FY2019. The total number of units of automotive decorative components sold in the US market for FY2019 also increased by approximately 8.0 million units or approximately 10.1% together with the average selling price for the US market also recorded an increase of approximately 11.1% for FY2019; (ii) the Group's sales from the PRC market decreased by approximately RMB58.3 million or 6.0% decrease, or 16.3 million units less, as compared with 2018; and (iii) a small decrease in revenue generated from the European market of RMB14.9 million or 3.2% decrease for FY2019.

Revenue by geographic segment:

	FY2019		FY2018	
	RMB'000	*%*	*RMB'000*	*%*
China	**906,301**	**42.5%**	964,596	47.1%
North America	**672,799**	**31.6%**	549,399	26.8%
Europe	**454,359**	**21.3%**	469,235	22.9%
Others	**97,294**	**4.6%**	66,719	3.2%
	2,130,753	**100.0%**	2,049,949	100.0%

Cost of sales

	FY2019		FY2018	
	RMB'000	*%*	*RMB'000*	*%*
Direct materials	**427,827**	**27.6%**	397,431	30.6%
Staff costs	**461,266**	**29.7%**	359,575	27.7%
Overheads	**663,500**	**42.7%**	542,633	41.7%
– Depreciation	**133,641**	**8.6%**	55,893	4.3%
– Processing fees	**89,644**	**5.8%**	77,375	6.0%
– Consumables	**89,059**	**5.7%**	85,480	6.6%
– Mold cost	**96,924**	**6.2%**	86,928	6.7%
– Utilities	**121,551**	**7.8%**	97,879	7.5%
– Shipping and delivery	**61,234**	**3.9%**	57,487	4.4%
– Others	**71,447**	**4.7%**	81,591	6.2%
	1,552,593	**100.0%**	1,299,639	100.0%

Cost of sales increased by approximately RMB253.0 million or approximately 19.5% to approximately RMB1,552.6 million for FY2019 from approximately RMB1,299.6 million for FY2018. The Group's cost of sales growth was higher than its revenue growth during FY2019. Generally speaking, the Group still faced considerable pressure in relation to our manufacturing cost and overheads, for example, increases in water treatment and factory rental expenses.

The increase can be further explained by the followings: (i) the operating loss incurred by our Wuxi Production Base as the result of the prolonged disruptions and suspensions of the water treatment services within the industrial park where our Wuxi Production Bases are located (for details please refer to the Company's announcement dated 21 December 2018); (ii) the Group's two new factory facilities in Mexico and Changzhou began their trial operations but no significant revenue was generated from these new facilities. New depreciation costs and additional staff had a significant effect on the Group's overall cost and resulted in a higher growth of cost of sales; and (iii) the increase in staff costs of approximately RMB101.7 million or approximately 28.3% in FY2019 as a result of the front-line wage increase, which translated to higher costs for our production lines in the PRC, together with increased compensations for retaining management staff; and (iv) higher mould cost was incurred as more and larger sized moulds are required to cater the new demands received form the Group's new orders.

Gross profit

Although the Group reported a rise in revenue, there was still a decrease in overall gross profit for FY2019. In FY2019, the total revenue reached a record of RMB2,130.8 million (increase of 3.9% year-on-year) and gross profit decreased to RMB578.2 million (decrease of 22.9% year-on-year). The gross profit margin declined was mainly due to the increase in cost of sales resulted from the operating losses caused by the production disruptions to the Wuxi Production Bases during 1H 2019, together with increased manufacturing cost and overheads and the additional labour and operating costs for those new manufacturing facilities during their trial operation period as discussed above, resulted in a decline of gross profit.

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 from RMB55.1 million for FY2018 by approximately RMB4.8 million or approximately 8.7% to approximately RMB59.9 million for FY2019. The increase was again 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 relevant travelling expenses to cope with our business growth.

Administrative expenses

The table below summarises the components of administrative expenses:

	FY2019		FY2018	
	RMB'000	***%***	*RMB'000*	*%*
Staff costs	**149,743**	**47.7%**	135,737	48.2%
Research and development expenses	**63,058**	**20.1%**	56,298	20.0%
Travel and transportation expenses	**9,053**	**2.9%**	8,220	2.9%
Depreciation and amortisation	**19,991**	**6.4%**	15,206	5.4%
Office supplies	**19,674**	**6.3%**	14,917	5.3%
Legal and professional fees	**12,460**	**4.0%**	13,328	4.7%
Rental expenses	**5,629**	**1.8%**	7,496	2.7%
Stamp duties and local government surcharges	**5,195**	**1.7%**	5,232	1.9%
Share-based payments	**6,483**	**2.1%**	2,704	1.0%
Loss on disposal of property, plant and equipment	**631**	**0.2%**	453	0.2%
Insurance	**2,827**	**0.9%**	2,231	0.8%
Business development expenses	**2,228**	**0.7%**	1,902	0.7%
Others	**17,207**	**5.2%**	17,574	6.2%
	314,179	**100.0%**	281,298	100.0%

Administrative expenses increased by approximately RMB32.9 million or approximately 11.7% to approximately RMB314.2 million for FY2019 from approximately RMB281.3 million for FY2018.

The increase in administrative expenses for FY2019 was the combined effects of:

i. the continuous increase in R&D expenses of approximately RMB6.8 million in relation to new models and new surface treatment technologies in order to cope with the market advancements;

ii. the increase in additional depreciation and amortisation of approximately RMB4.8 million due to the fact that the additions of equipment during the year and depreciation of right-of-use assets resulting from the adoption of HKFRS 16; and

iii. the share-based payments increased from approximately RMB3.8 million for FY2018 to approximately RMB6.5 million for FY2019 as there were only 4.5 months' amortisation of the fair values of those share options granted to the employees of the Group under the share option scheme in mid-August 2018 for FY2018; whereas full year amortization was required for FY2019.

Other expenses

Goodwill impairment of approximately RMB9.3 million was recorded in respect of the German tool shop ("**BLW**") the Group acquired in FY2018, as BLW has been also facing automotive industry downturn in Europe during FY2019 and incurred further operating losses.

Net profit attributable to owners of the Company

Net profit attributable to owners of the Company decreased by approximately 47.9% from approximately RMB394.8 million in FY2018 to approximately RMB205.5 million in FY2019. This was primarily due to the effects of the followings:

(i) there was still a lower-than-expected growth revenue recorded for FY2019 due to the weakened global automotive market, especially the first time decrease of 6.0% in the Group's sales from the PRC market. Only a single digit growth rate of 3.9% in our sales of automotive decorative components was recorded in FY2019, or a revenue growth of only approximately RMB80.8 million from FY2018 to approximately RMB2,130.8 million for FY2019;

(ii) the gross profit decreased from approximately RMB750.3 million for FY2018 to approximately RMB578.2 million or approximately 22.9% decrease for FY2019 as we still faced production disruptions in 1H2019 in relation to our Wuxi Production Bases and ramp-ups for our new operating facilities in Mexico and Changzhou, also the Group faced considerable pressure in relation to our manufacturing cost and overheads;

(iii) the increase of 8.7% in sales and distribution expenses during FY2019;

(iv) the increase in administrative expenses, partly due to the continuing increase in R&D expenditures to cope with increased demands for processing technology from our customers and partly from the increase in indirect expenses and other costs as discussed in the previous section; and

(v) the increase in finance costs of approximately RMB3.7 million due to the interest on lease liabilities resulting from the adoption of HKFRS 16.

Basic earnings per share attributable to owners of the Company for FY2019 was approximately RMB20 cents (FY2018: approximately RMB39 cents).

Liquidity and financial resources

For FY2019, the Group's net cash inflow from operating activities amounted to approximately RMB466.4 million, as compared to approximately RMB357.1 million in FY2018.

The bank borrowings of RMB3.2 million as at 31 December 2019 related to BLW acquired by the Group during FY2018 (31 December 2018: RMB6.3 million).

As at 31 December 2019, the gearing ratio, being total bank borrowings divided by total equity was 0.13% (31 December 2018: 0.28%).

The annual interest rate of the bank and other borrowings during FY2019 was 1.2 - 1.3% (FY2018: 1.2% - 6.5%).

Commitments

As at 31 December 2019, the Group had the following capital commitments:

	RMB'000
Contracted but not provided for in the consolidated financial statements in respect of acquisition of property, plant and equipment	64,734

Interest Rate and Foreign Exchange Risks

As at 31 December 2019, the balance of bank borrowings of the Group was approximately RMB3.2 million, of which RMB3.2 million was interest-bearing at fixed interest rates.

The Group's cash and cash equivalents are mainly denominated in RMB, EUR and USD. As at 31 December 2019, the Group's cash and cash equivalents denominated in currencies other than the functional currencies amounted to approximately RMB324.2 million of which approximately RMB218.5 million was denominated in USD, approximately RMB86.4 million was denominated in EUR, approximately RMB9.3 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 adopted a more cautious attitude on foreign exchange risk and closely monitored the foreign exchange exposure and adjusted the control strategy.

Contingent Liabilities

As at 31 December 2019, the Group had no contingent liabilities (31 December 2018: Nil).

Mortgaged Assets

One of the Group's subsidiaries in Germany pledged its machinery with a net book value of approximately RMB4.6 million to secure general banking facilities (31 December 2018: RMB 5.0 million).

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 FY2019, the Group's capital expenditure amounted to approximately RMB373.8 million (FY2018: approximately RMB488.5 million). The capital expenditure for FY2019 accommodated the increase of investments in our new factories located in Mexico and Changzhou, together with other 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 ("Listing") of the shares of the Company on the Stock Exchange, 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 of the Company dated 16 June 2017.

As at 31 December 2019, the net proceeds were applied as follows:

	Percentage of total amount	Net proceeds from the Company's Listing	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	155	—
ii) Construct the Wuxi New Production Base	10.3%	76.4	56.3	20.1
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	40.2%	298.1	248.0	50.1

	Percentage of total amount	Net proceeds from the Company's Listing	Amount Utilized	Amount un-utilized
		RMB million	*RMB million*	*RMB million*
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	1.3	38.7
Enhancing the product quality, product safety and R&D capabilities	5.7%	42.3	20.7	21.6
Enhancing the information technology and customer services systems	4.8%	35.6	2.6	33.0
Working capital and general corporate purposes	8.0%	59.2	59.2	—
Total	100.0%	741.5	578.0	163.5

Dividend

The Board recommends the payment of a final dividend of RMB9.2 cents per ordinary share for the year ended 31 December 2019, together with the interim dividend of RMB3.08 cents per ordinary share paid, the effective dividend payout ratio is 60%, when calculating against the profit attributable to the owners of the Company RMB205.5 million for the year ended 31 December 2019.

EMPLOYEES

As at 31 December 2019, the Group had 5,324 employees (31 December 2018: 5,554 employees). There were 5,204, 6, 17, 38, 59 staff members in the PRC, Hong Kong, the US, Germany and Mexico, respectively as at 31 December 2019. The remuneration and staff cost for FY2019 were approximately RMB626.3 million (FY2018: RMB438.6 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 2019, the Company's issued share capital was approximately RMB87.5 million, equivalent to HK$100.0 million and divided into 1,002,905,000 Shares of HK$0.1 each (31 December 2018: RMB87.5 million).

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 Share ("**Share Options**") to eligible participants, including without limitation employees of the Group, directors of the Company and its subsidiaries.

On 14 August 2018, the Board of the Company granted Share Options to a group of eligible grantees (the "**Grantees**"), subject to acceptance of Grantees, to subscribe for up to 22,946,000 shares of the Company, allowing the Grantees to exercise such Share Options starting from 15 August 2021 to 13 August 2028 (both days inclusive). The price per share paid by the Grantees upon exercising the Share Options was determined pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to the average closing prices as stated in the daily quotation sheet of the Stock Exchange for the five trading days immediately preceding 14 August 2018 (i.e. the date of grant).

No options were granted during FY2019. 1,965,000 Share Options lapsed during FY2019 and 1,175,000 Share Options lapsed during FY2018. No Share Options were exercised during FY2019 and FY2018. The number of outstanding Share Options as at 31 December 2019 was 19,806,000.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2019, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the listed securities of the Company.

MATERIAL LITIGATION AND ARBITRATION

The Group is not engaged in any litigation or arbitration of material importance during FY2019.

EVENTS AFTER THE REPORTING PERIOD

For these material subsequent events undertaken by the Company or the Group after 31 December 2019, please refer to page 19 of this announcement.

PROPOSED FINAL DIVIDEND

The Board has recommended the payment of a final dividend of RMB0.092 per ordinary share for the year ended 31 December 2019 to the shareholders whose names appear on the register of members of the Company on 10 July 2020 (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 24 June 2020 (the "**2020 AGM**"), the Proposed Final Dividend is expected to be paid on or around 31 July 2020.

CLOSURE OF REGISTER OF MEMBERS FOR 2020 AGM

For the purpose of determining the rights to attend and vote at the 2020 AGM, the register of members of the Company will be closed from 19 June 2020 to 24 June 2020 (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 2020 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 18 June 2020.

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 2020 AGM. For the purpose of determining the entitlement to the Proposed Final Dividend, the register of members of the Company will be closed from 7 July 2020 to 10 July 2020 (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 6 July 2020.

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the Board, the Company has maintained the public float as required by the Listing Rules as at the date of this announcement.

CORPORATE GOVERNANCE

The Board monitored the corporate governance practices of the Company throughout the year ended 31 December 2019.

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 contained in Appendix 14 to the Listing Rules for the year ended 31 December 2019.

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 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 for the year ended 31 December 2019. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management of the Group for the year ended 31 December 2019.

AUDIT COMMITTEE

The Board of Company has established 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 2019, 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 2020, which is subject to the approval of the shareholders of the Company at the 2020 AGM.

REVIEW OF PRELIMINARY RESULTS ANNOUNCEMENT BY INDEPENDENT AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2019 as set out in this preliminary announcement have been agreed by the Company's auditor, Ernst & Young, to the amounts set out in the Group's draft 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 Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by Ernst & Young on this preliminary announcement.

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 2019 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, 26 March 2020

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.