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 2020

FINANCIAL HIGHLIGHTS

- Revenue decreased by approximately 2.9% to approximately RMB2,069.4 million (FY 2019: approximately RMB2,130.8 million).
- Gross profit increased by approximately 17.9% to approximately RMB681.5 million (FY 2019: approximately RMB578.2 million).
- Profit attributable to owners of the Company increased by approximately 61.8% to approximately RMB332.4 million (FY 2019: approximately RMB205.5 million).
- Proposed final dividend amounted to RMB0.1072 per share.
- Capital expenditure decreased by approximately 53.6% to approximately RMB173.6 million (FY 2019: approximately RMB373.8 million).
- Consolidated net asset value increased by approximately 3.8% to approximately RMB2,447.9 million (Year ended 2019: approximately RMB2,358.4 million).

The board (the "**Board**") of directors (the "**Directors**") of Xin Point Holdings Limited (the "**Company**") is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2020 ("**FY 2020**"), together with the comparative figures for the year ended 31 December 2019 ("**FY 2019**") 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 2020

	Notes	**2020**	2019
		RMB'000	*RMB'000*
REVENUE	4	**2,069,366**	2,130,753
Cost of sales		**(1,387,822)**	(1,552,593)
Gross profit		**681,544**	578,160
Other income and gains		**22,293**	43,138
Selling and distribution expenses		**(56,992)**	(59,925)
Administrative expenses		**(287,992)**	(314,179)
Other expenses		**(5,483)**	(9,256)
Finance costs		**(4,007)**	(3,757)
Share of profit of an associate		**1,643**	1,366
Share of loss of a joint venture		**(1,154)**	—
PROFIT BEFORE TAX	5	**349,852**	235,547
Income tax expense	6	**(18,482)**	(30,622)
PROFIT FOR THE YEAR		**331,370**	204,925
Attributible to:			
Owners of the parent		**332,426**	205,452
Non-controlling interests		**(1,056)**	(527)
		331,370	204,925

	Notes	**2020**	2019
		RMB'000	*RMB'000*
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(91,177)**	25,945
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:			
Changes in fair value of a financial asset at fair value through other comprehensive income		**(30,187)**	—
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**(121,364)**	25,945
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**210,006**	230,870
Attributible to:			
Owners of the parent		**211,062**	231,397
Non-controlling interests		**(1,056)**	(527)
		210,006	230,870
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
– Basic and diluted	8	**RMB33 cents**	RMB20 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2020

	Notes	**2020**	2019
		RMB'000	*RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**1,194,610**	1,207,085
Right-of-use assets		**135,755**	144,719
Goodwill		**4,161**	9,441
Intangible asset		**1,341**	2,011
Investment in an associate		**3,448**	3,005
Investment in a joint venture		**3,238**	—
Financial asset at fair value through other comprehensive income		**13,179**	—
Prepayments		**112,800**	150,180
Deferred tax assets		**2,683**	2,324
Total non-current assets		**1,471,215**	1,518,765
CURRENT ASSETS			
Inventories		**432,916**	443,252
Trade and bills receivables	9	**646,004**	603,897
Prepayments, deposits and other receivables		**137,042**	153,406
Derivative financial instruments		**4,981**	4,215
Cash and cash equivalents		**538,978**	462,814
Total current assets		**1,759,921**	1,667,584

	Notes	2020	2019
		RMB'000	*RMB'000*
CURRENT LIABILITIES			
Trade payables	10	**268,503**	266,772
Other payables and accruals		**239,298**	241,856
Interest-bearing bank borrowings		**49,663**	1,489
Derivative financial instrument		**2,317**	—
Lease liabilities		**32,258**	30,286
Tax payable		**126,950**	213,974
Total current liabilities		**718,989**	754,377
NET CURRENT ASSETS		**1,040,932**	913,207
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,512,147**	2,431,972
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		**564**	1,662
Deferred tax liabilities		**600**	903
Lease liabilities		**63,093**	71,026
Total non-current liabilities		**64,257**	73,591
Net assets		**2,447,890**	2,358,381
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**87,485**	87,485
Reserves		**2,361,246**	2,270,585
		2,448,731	2,358,070
Non-controlling interests		**(841)**	311
Total equity		**2,447,890**	2,358,381

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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 and a financial asset at fair value through other comprehensive income 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 *Conceptual Framework for Financial Reporting 2018* and the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	*Definition of a Business*
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*
Amendment to HKFRS 16	*Covid-19-Related Rent Concessions* (early adopted)
Amendments to HKAS 1 and HKAS 8	*Definition of Material*

The nature and the impact of the *Conceptual Framework for Financial Reporting 2018* and the revised HKFRSs are described below:

(a) *Conceptual Framework for Financial Reporting 2018* (the "Conceptual Framework") sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.

(b) Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.

(c) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate ("RFR"). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedging relationships.

(d) Amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective for annual periods beginning on or after 1 June 2020 with earlier application permitted and shall be applied retrospectively. The amendment did not have any significant impact on the financial position and performance of the Group.

(e) Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any significant impact on the financial position and 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

	2020	2019
	RMB'000	*RMB'000*
China	**897,333**	906,301
North America	**658,617**	672,799
Europe	**426,018**	454,359
Other countries	**87,398**	97,294
	2,069,366	2,130,753

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

(b) Non-current assets

	2020	2019
	RMB'000	*RMB'000*
China	**1,122,461**	1,183,294
Other countries	**346,071**	333,147
	1,468,532	1,516,441

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 RMB222,765,000 (2019: RMB231,277,000) 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:

	2020	2019
	RMB'000	*RMB'000*
Revenue from contracts with customers	**2,069,366**	2,130,753

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 31 December 2020

Segments	Non-automotive components *RMB'000*	Automotive components *RMB'000*	Total *RMB'000*
Type of goods			
Sale of goods	—	2,069,366	2,069,366
Total revenue from contracts with customers	—	2,069,366	2,069,366
Geographical markets			
China	—	897,333	897,333
North America	—	658,617	658,617
Europe	—	426,018	426,018
Other countries	—	87,398	87,398
Total revenue from contracts with customers	—	2,069,366	2,069,366
Timing of revenue recognition			
Goods transferred at a point in time	—	2,069,366	2,069,366
Total revenue from contracts with customers	—	2,069,366	2,069,366
Revenue from contracts with customers			
External customers	—	2,069,366	2,069,366
Total revenue from contracts with customers	—	2,069,366	2,069,366

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**

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:

	2020	2019
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of goods	**5,681**	8,145

(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):

	2020	2019
	RMB'000	*RMB'000*
Cost of inventories sold@	**1,387,822**	1,552,593
Depreciation of property, plant and equipment	**140,509**	118,263
Depreciation of right-of-use assets	**35,260**	32,436
Amortisation of intangible asset*	**670**	671
Lease payments not included in the measurement of lease liabilities	**5,624**	5,629
Impairment of trade and bills receivables	**538**	88
Research and development costs#	**51,267**	63,058
Fair value loss/(gain) on derivative financial instruments, net	**1,256**	(902)
Auditors' remuneration	**3,029**	3,240
Employee benefit expense@ (including directors' and chief executive's remuneration)		
Wages and salaries	**485,405**	569,538
Equity-settled share option expense	**6,173**	6,483
Pension scheme contributions	**29,920**	61,832
	521,498	637,853
Write off of items of property, plant and equipment*	**9,553**	—
Loss/(gain) on disposal of items of property, plant and equipment, net*	**(646)**	631
Foreign exchange differences, net*	**10,727**	(11,114)
Impairment of goodwill**	**5,483**	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% (2019: 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. The first HK$2,000,000 (2019: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2019: 8.25%) and the remaining assessable profits are taxed at 16.5% (2019: 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% (2019: 31.0%). For the Group's subsidiary established in the Germany, income tax is calculated at the rate of 31.7% (2019: 31.7%). Tax on profits assessable in China has been calculated at the applicable China corporate income tax rate of 25% (2019: 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% (2019:15%) 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.

	2020	2019
	RMB'000	*RMB'000*
Current – China		
Charge for the year	**24,633**	23,866
Overprovision in prior years	**(44,105)**	(35,623)
Current – Hong Kong	**25,010**	28,986
Current – Germany	**8,676**	7,581
Current – U.S.	**4,930**	4,086
Deferred	**(662)**	1,726
Total tax charge for the year	**18,482**	30,622

7. DIVIDENDS

	2020	2019
	RMB'000	*RMB'000*
Interim – RMB0.034 (2019: RMB0.0308) per ordinary share	**34,099**	30,889
Proposed final – RMB0.1072 (2019: RMB0.092) per ordinary share	**107,511**	92,267
	141,610	123,156

Final dividend of RMB0.1072 per share amounting to approximately RMB107,511,000 in respect of the year ended 31 December 2020 (2019: RMB0.092 per share amounting to approximately RMB92,267,000) 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 2020 and 2019.

	2020	2019
	RMB'000	*RMB'000*
Profit for the year and earnings for the purpose of basic and diluted earnings per share	**332,426**	205,452

	2020	2019
	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**	1,002,905,000

	Year ended 31 December	
	2020	2019
Earnings per share		
Basic and diluted	**RMB33 cents**	RMB20 cents

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2020 and 2019 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:

	2020	2019
	RMB'000	*RMB'000*
Within 1 month	**340,239**	344,949
1 to 2 months	**169,361**	125,146
2 to 3 months	**87,711**	75,798
Over 3 months	**48,693**	58,004
	646,004	603,897

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:

	2020	2019
	RMB'000	*RMB'000*
Within 1 month	**190,757**	189,755
1 to 2 months	**39,781**	35,915
2 to 3 months	**12,224**	16,469
Over 3 months	**25,741**	24,633
	268,503	266,772

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

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET OVERVIEW

For two consecutive years from 2018 to 2019, the automotive industry was affected by the weak economy, rising competition, the slowdown in emerging economies, and tightening credit control that weakened the global demand. Moreover, the unprecedented challenges brought by the lockdowns due to the Coronavirus Disease 2019 ("**COVID-19**") in the first half of 2020, plunged the automotive sales to a historic low. On the positive side, as consumers shift towards personal mobility over public and shared transport, the automotive industry is recovering at a faster-than-expected pace.

Global automotive sales in 2020 recorded a decrease by approximately 15% in 2020 comparing to that of 2019. In the first few months of the pandemic, many major economies saw automotive sales dropped by 70% to 80% year-on-year. Chinese automotive sales, for example, recorded a dramatic decrease in sales by 80% year-on-year in February 2020 as COVID-19 hit. Automotive sales in Western European countries also dropped by 80% year-on-year in April 2020 as its economies were struck by the first waves of COVID-19. Automotive sales rebounded at an exceptional speed as economies reopened after first waves of COVID-19 cases were contained. As the automotive sales in the third quarter of 2020 was promising, sales in most markets around the world was resuming to normal level by the fourth quarter of 2020.

Despite the improved market demand, the global automotive industry is still under pressure. For example, many markets have tightened their emissions regulations, especially in China and Europe. These countries are rapidly promoting vehicle electrification, which would result in dozens of new electric vehicles being introduced to the market over the next few years, although the cost of the vehicles and customer acceptance remain to be challenges. In addition, although the market expects a rebound in the global light vehicle market, we cannot be certain that the sales level can be restored to pre-COVID-19 level because of the possible recession caused by the negative impact on the macro economy effects as a result of COVID-19.

BUSINESS OVERVIEW

For 2020 as a whole, COVID-19 have impacted automotive sales across global markets in various degrees. Factors affecting different markets include the prevalence of COVID-19, how strict are the lockdowns or restrictions on people's activities, and financial supports from the governments. Chinese automotive sales, for example, were down by only 6% year-on-year in 2020, as the earlier onset of the pandemic provided more time for sales recovery, and strict pandemic prevention policies avoided second wave of COVID-19 in the second half of 2020. While US automotive sales recorded a relatively mild decrease by 15% year-on-year. Despite high COVID-19 case counts, US states adopted patchwork approaches to pandemic management, which on average were less stringent than other countries and resulted in a smaller hit to its GDP and modest decrease in automotive sales, with a smaller rebound from mid-2020.

The total number of sales units decreased from approximately 378.8 million in the financial year ended 31 December 2019 ("**FY2019**") to 348.6 million in the financial year ended 31 December 2020 ("**FY2020**"), representing a decrease of approximately 8.0%, while total revenue of the Group decreased to approximately RMB2,069.4 million, representing a decrease of approximately 2.9% as compared with the corresponding period of FY2019 (FY2019: approximately RMB2,130.8 million). There was no significant decrease in the Group's revenue during FY2020 as compared with FY2019, but a significant decrease in the production costs, which resulted in an increase in the gross profit of the Group by approximately 17.9% from approximately RMB578.2 million in FY2019 to approximately RMB681.5 million in FY2020.

Electro-plating production capacity and utilization rate

During FY2020, the Group did not have any new electro-plating production facilities, and as of 31 December 2020, the Group's annualised electro-plating capacity was 4.19 million sq.m., which was the same as that as at 31 December 2019.

Affected by the first waves of COVID-19 and broad-based lockdowns during the first half of 2020, the overall average utilization rate of our Group's electro-plating production capacity for FY2020 dropped to 56.8% (FY2019: 68.4%).

Production yield

During FY2020, our overall production yield rate was relatively stable with slight improvement of almost one percentage point from approximately 88.6% in FY2019 to 89.5% in FY2020.

Outlook and Order book

As COVID-19 vaccine doses have been administered gradually, most automotive executives and analysts believe that vehicle sales will start to resume to normal in 2021. The market predicts that strong consumer demand will continue this year and expect a return of commercial fleet sales.

According to forecaster LMC Automotive, the crash in global car sales earlier in 2020 and the subsequent powerful recovery, augurs well for the industry, particularly as China, the world's biggest market, was leading the way. On the other hand, the vehicle market sales have benefited because of the nature of private cars, which provide for a private and isolated space for people during the COVID-19 pandemic.

On the other hand, loose financial conditions will be another supportive factor behind automobile sales recovery. Central banks around the world reduced interest rates at the onset of the pandemic. The US Federal Reserve have issued guidance that the interest rate be held in proximity to the lower bound until inflation targets are achieved, which they expect to happen only in 2023.

While the overall market will recover eventually, the pace of recovery will be uneven across key markets. Our order book remains strong by the end of 2020 and the Group's outstanding order book remains at a high level approximately RMB10.5 billion for the next five years from 1 January 2021 to end of 2025.

Electric vehicles (EVs) will continue to roll out in big numbers powered by a combination of increasingly stringent emission regulations and the shift in consumer preferences. The Group has formed strategic partnerships with some renowned brand names and will continue to work closely on EVs. With cautious outlook, our Group will prioritize our strategies and focus on local manufacturing, investing in innovation and collaboration with our reputable global customers and help transforming the Group into one of the first-class auto interior component manufacturers of the world.

During 2020, Xin Point has engaged in the internet of vehicle business and established a joint venture company with Wanka Online Inc., whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 1762) ("**Wanka**"). This new joint venture company commenced its operations in Shenzhen in June 2020.

Since the commencement of its operations, this new joint venture company has been communicating with some local original equipment manufacturers (OEMs) and have cooperated with Leapmotor to apply QCAR Solution Platform to Leapmotor smart vehicles.

QCAR Solution Platform is the leading product developed by this new joint venture company and it is a cross-operating-system, cloud lightweight vehicle application development framework and based on the "Quick apps" solution, which is a new form of installation-free apps developed based on industry standards.

Since the operations of this new joint venture company are still in development stage, we do not expect that it will be significant contributions in the short terms. Nonetheless, the Group believes that the internet of vehicle business have great market potential in relation to future smart vehicles.

FINANCIAL REVIEW

Revenue

Although the COVID-19 pandemic has made it difficult for automakers during the first half of 2020, the Group's revenue only recorded a slight decrease by approximately RMB61.4 million or approximately 2.9% from approximately RMB2,130.8 million for FY2019 to approximately RMB2,069.4 million for FY2020. The total number of units of automotive decorative components sold in FY2020 also decreased by approximately 30.2 million units or approximately 8.0% from FY2019, while the average selling price for automotive decorative components increased to approximately RMB5.94 per unit or by approximately 5.6% as compared to FY2019.

Due to the global shutdowns during the COVID-19 pandemic, production and supply chains were disrupted during the first half of 2020 and the Group recorded decrease in revenue for all market segments; subsequently as the market recovers, automotive sales rebounded at an exceptional speed as economies reopened after the first waves of the COVID-19 pandemic were contained, the Group's revenue then continued to stabilise and recover well starting from the second half of 2020. In total, the total revenue decreased to approximately RMB2,069.4 million or by 2.9% in FY2020 as compared to FY2019:

i. As China was able to avoid second waves of COVID-19 cases and with substantial policy support, the Group's sales in China decreased only by approximately RMB9.0 million or 1.0% as compared with FY2019;

ii. Despite high COVID-19 cases, less restrictive measures along with a highly accommodative policy environment mitigated market impacts, as compared with that of FY2019, the Group's revenue from the US market decreased by approximately RMB14.2 million or approximately 2.1% to approximately RMB658.6 million for FY2020; and

iii. Due to high COVID-19 cases and repeated waves in most European countries, a 6.2% decrease in revenue generated from the European market or RMB28.3 million decrease was recorded for FY2020, as compared to that of FY2019.

Revenue by geographic segment:

	FY2020		FY2019	
	RMB'000	*%*	*RMB'000*	*%*
China	**897,333**	**43.4%**	906,301	42.5%
North America	**658,617**	**31.8%**	672,799	31.6%
Europe	**426,018**	**20.6%**	454,359	21.3%
Others	**87,398**	**4.2%**	97,294	4.6%
	2,069,366	**100.0%**	2,130,753	100.0%

Cost of sales

	FY2020		FY2019	
	RMB'000	*%*	*RMB'000*	*%*
Direct materials	**416,417**	**30.0%**	427,827	27.6%
Staff costs	**371,095**	**26.7%**	461,266	29.7%
Overheads	**600,310**	**43.3%**	663,500	42.7%
– Depreciation	**141,527**	**10.2%**	133,641	8.6%
– Processing fees	**67,517**	**4.9%**	89,644	5.8%
– Consumables	**66,727**	**4.8%**	89,059	5.7%
– Mold cost	**127,394**	**9.2%**	96,924	6.2%
– Utilities	**100,319**	**7.2%**	121,551	7.8%
– Shipping and delivery	**48,653**	**3.5%**	61,234	3.9%
– Others	**48,173**	**3.5%**	71,447	4.7%
	1,387,822	**100.0%**	1,552,593	100.0%

Over all cost of sales decreased by approximately RMB164.8 million or approximately 10.6% from approximately RMB1,552.6 million for FY2019 to approximately RMB1,387.8 million for FY2020. In contrast to FY2019, the Group's decrease in cost of sales was greater than its decline in revenue during FY2020 as the Group had implemented certain initiatives to minimise the impacts by the global pandemic.

The decrease in cost of sales for FY2020 was the combined results of the followings:

i. In the early months of the COVID-19 pandemic, many major economies saw a decline in automobile sales as government-mandated shut-downs halted non-essential activities. Our factories implemented flexible production schedules to respond to the lowered product demands, consequently there was a decrease of approximately 20.7% in factory overheads for first half of 2020 and the Group recorded an overall decrease in factory overhead by 9.5% for FY2020 as compared with FY2019;

ii. An overall decrease of 19.5% in staff costs was recorded for FY2020 as to compared to that of FY2019, which was the result of the decrease in our average headcount during 2020 as compared to that of in 2019, the flexible production schedules implemented by our factories; as well as the temporary and voluntary salary reduction scheme, where our senior management and mid-level staff agreed to a 30% and 20% reduction of their salaries respectively for the second quarter of 2020 and certain relaxed social insurance contribution policies introduced by local authorities during the pandemic; and

iii. our Wuxi production base's operations were affected by the disruptions and suspensions of the water treatment services in the first half of 2019 and hence higher production costs were recorded in the first half of 2019 as compared to the first half of 2020.

Gross profit

As discussed above, the decrease in the Group's cost of sales was greater than its revenue decline during FY2020, the Group reported an increase in overall gross profit for FY2020. The total revenue was down to RMB2,069.4 million (a decrease of 2.9% year-on-year) and gross profit increased to RMB681.5 million (an increase of 17.9% year-on-year). The Group reported an improved gross profit margin of 32.9%, which was mainly due to decreased staff cost and manufacturing overheads.

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 decreased from RMB43.1 million in FY2019 to RMB22.3 million in FY2020, such decrease was mainly due to no exchange gain recorded for FY2020 and lower bank interest incomes received.

Selling and distribution expenses

Sales and distribution expenses decreased by approximately RMB2.9 million or approximately 4.9% to approximately RMB57.0 million for FY2020 as compared to the same period of 2019. The decrease was mainly due to the decrease in the number of meetings and traveling due to quarantines requirements entry bans, or other restrictions imposed by many countries on local and international travelers.

Administrative expenses

The table below summarises the components of administrative expenses:

	FY2020		FY2019	
	RMB'000	***%***	*RMB'000*	*%*
Staff costs	**117,948**	**41.0%**	149,743	47.7%
Research and development expenses	**51,267**	**17.8%**	63,058	20.1%
Travel and transportation expenses	**4,451**	**1.5%**	9,053	2.9%
Depreciation and amortisation	**24,339**	**8.5%**	19,991	6.4%
Office supplies	**15,681**	**5.4%**	19,674	6.3%
Legal and Professional fees	**12,673**	**4.4%**	12,460	4.0%
Rental expenses	**5,624**	**2.0%**	5,629	1.8%
Stamp duties and local government surcharges	**5,467**	**1.9%**	5,195	1.7%
Share-based payments	**6,173**	**2.1%**	6,483	2.1%
Loss on disposal of property, plant and equipment	**—**	**0.0%**	631	0.2%
Insurance	**3,114**	**1.1%**	2,827	0.9%
Business development expenses	**881**	**0.3%**	2,228	0.7%
Exchange losses	**10,727**	**3.7%**	—	0.0%
Impairments on obsolete production facilities	**9,553**	**3.3%**	—	0.0%
Others	**20,094**	**7.0%**	17,207	5.2%
	287,992	**100.0%**	314,179	100.0%

Administrative expenses also decreased by approximately RMB26.2 million or approximately 8.3% from approximately RMB314.2 million for FY2019 to approximately RMB288.0 million for FY2020.

The decrease was mainly the combined effects of the followings:

i. the decrease in staff costs by approximately RMB31.8 million, primarily due to the decrease in the average staff headcount and temporary and voluntary salary reduction program implemented during the second quarter of 2020;

ii. the decrease in R&D expenses by approximately RMB11.8 million as some of R&D projects were delayed due to the COVID-19 pandemic;

iii. decrease in travel and transportation expenses by 50.8% and lower business development expenses as a result of fewer client visits during the lockdown periods;

iv. the exchange loss of RMB10.7 million incurred as the result of the appreciation of RMB against USD; and

v. losses of RMB9.6 million incurred for the scrapping of two obsolete electro-plating production lines in Wuxi Production Bases.

Other expenses

During 2020, the German tool shop ("BLW") acquired by the Group in 2018 was greatly impacted by COVID-19 and had incurred continuous operating losses in FY2020, another goodwill impairment loss of approximately RMB5.5 million was recorded in FY2020 (FY2019: RMB9.3 million).

Net profit attributable to owners of the Company

Net profit attributable to owners of the Company increased by approximately 61.8% from approximately RMB205.5 million in FY2019 to approximately RMB332.4 million in FY2020. This was primarily due to the followings:

(i) there was a slight decrease of 2.9% or approximately by RMB61.4 million in revenue recorded for FY2020 as discussed above;

(ii) the gross profit increased from approximately RMB578.2 million for FY2019 to approximately RMB681.5 million or by approximately 17.9% for FY2020 as the Group implemented flexible production schedules and there was a decrease of staff cost and overheads;

(iii) sales and distribution expenses decreased by 4.9% for FY2020 as compared to FY2019; and

(iv) administrative expenses also decreased by approximately 8.3% to approximately RMB288.0 million for FY2020, mainly resulted from the decrease in staff costs and the R&D expenditures as the Group tightened headcount and expense growth during the first half of 2020.

Basic earnings per share attributable to owners of the Company for FY2020 was approximately RMB33 cents (FY2019: approximately RMB20 cents).

Total Comprehensive Expenses

Total comprehensive income for FY2020 was RMB210.0 million (FY2019: RMB230.9 million), which comprised (a) profit for FY2020 of RMB331.4 million (FY2019: RMB204.9 million): and (b) other comprehensive loss for FY2020 of RMB121.4 million (FY2019 other comprehensive income RMB25.9 million) which included unrealised loss on fair value changes of listed equity investment at fair value through other comprehensive income ("**FVTOCI**") of approximately RMB30.2 million (FY2019: nil), details are disclosed in the sub-paragraph headed "Significant Investments Held — (b) Implication on Other Comprehensive Expenses for FY2020" below.

Liquidity and financial resources

For FY2020, the Group's net cash inflow from operating activities amounted to approximately RMB411.2 million, as compared to approximately RMB462.7 million in FY2019. Such decrease was mainly due to the settlements of approximately RMB102.3 million tax payments (FY2019: approximately RMB20.5 million) in relation to those profits generated in the past years. The Group's net cash inflow from operating activities before tax in FY2020 actually increased 6.3% when compared to FY2019.

During FY2020, the Company drew down an unsecured bank loan of US$7.5 million for a loan period of two years as working capital. As at 31 December 2020, the Group had interesting-bearing bank borrowings of RMB 50.2 million (bank borrowing of RMB1.3 million related to BLW) (31 December 2019: RMB3.2 million, all amount related to BLW).

As at 31 December 2020, the gearing ratio, being total bank borrowings divided by total equity was 2.1% (31 December 2019: 0.13%).

The annual interest rate of the bank and other borrowings during FY2020 was 1.2% - 2.4% (FY2019: 1.2% - 1.3%).

Commitments

As at 31 December 2020, the Group had the following commitments:

	RMB'000
Capital commitments	
Capital expenditure contracted but not provided for in the consolidated financial statements in respect of:	
Acquisition of property, plant and equipment	132,517
Capital contributions to a joint venture company	39,531
	172,048

Interest Rate and Foreign Exchange Risks

As at 31 December 2020, the balance of bank borrowings of the Group was approximately RMB50.2 million, of which RMB50.2 million was bearing at fixed interest rates.

The Group's cash and cash equivalents are mainly denominated in RMB, EUR and USD. As at 31 December 2020, the Group's cash and cash equivalents denominated in currencies other than the functional currencies amounted to approximately RMB388.8 million of which approximately RMB331.3 million was denominated in USD, approximately RMB45.4 million was denominated in EUR, approximately RMB6.7 million was denominated in HKD.

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

Contingent Liabilities

As at 31 December 2020, the Group had no contingent liabilities (31 December 2019: Nil).

Mortgaged Assets

One of the Group's subsidiary in Germany pledged its machinery with a net book value of approximately RMB3.7 million to secure general banking facilities (31 December 2019: RMB 4.6 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 FY2020, the Group's capital expenditure amounted to approximately RMB173.6 million (FY2019: approximately RMB373.8 million). The capital expenditure for FY2020 accommodated further 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 INITIAL PUBLIC OFFERING

The net proceeds from the initial public offering of the Company were approximately RMB741.5 million.

On 2 February 2021, the Board announced that there would be a change in use of the net proceeds from the initial public offering of the Company. Please refer to the announcement of the Company dated 2 February 2021 for more details. As at 31 December 2020 and 2 February 2021 respectively, the utilization of the net proceeds and the latest change in use of proceeds and the resulting new allocation for unutilized amount of the net proceeds were summarized as follows:

Purpose	**Planned amount as mentioned in the Prospectus** *RMB million*	**Revised allocation** *RMB million*	**Actual usage up to 31 December 2020** *RMB million*	**Actual usage up to 2 February 2021** *RMB million*	**Remaining balance after the re-allocation** *RMB million*	**Expected timeline for fully utilizing the remaining proceeds (taking into account of the new allocation)**
Expanding and improving the production facilities in PRC						
i) Set up the Huizhou New Production Base	155.0	155.0	155.0	155.0	—	N/A.
ii) Construct the Wuxi New Production Base	76.4	57.2	57.2	57.2	—	N/A
iii) Construct a new electroplating production line	23.0	23.0	23.0	23.0	—	N/A
iv) Invest in plastic injection equipment	11.9	11.9	11.9	11.9	—	N/A
Constructing the new production base in Mexico and investing in production facilities and equipment	298.1	389.0	284.5	290.4	98.6	By end of 2022
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	40.0	1.3	1.3	1.3	—	N/A
Enhancing the product quality, product safety and R&D capabilities	42.3	42.3	42.3	42.3	—	N/A
Enhancing the information technology and customer services systems	35.6	2.6	2.6	2.6	—	N/A
Working capital and general corporate purposes	59.2	59.2	59.2	59.2	—	N/A
Total	741.5	741.5	637.0	642.9	98.6	

Dividend

The Board recommends the payment of a final dividend of RMB0.1072 per ordinary Share for the year ended 31 December 2020, together with the interim dividend of RMB0.034 per ordinary Share paid, the effective dividend payout ratio was 42.7%, when calculating against the net profit of RMB331.4 million for the year ended 31 December 2020.

EMPLOYEES

As at 31 December 2020, the Group had 5,516 employees (31 December 2019: 5,324 employees). There were 5,012, 6, 17, 26, 455 staff members in China, Hong Kong, the United States, Germany and Mexico, respectively. The remuneration and staff cost for FY2020 were approximately 485.4 million (FY2019: RMB569.5 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 2020, 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 2019: 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 Shares 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") 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 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 FY2020.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2020, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the listed securities of the Company during the year ended 31 December 2020.

SIGNIFICANT INVESTMENTS HELD

As announced by the Company on 7 January 2020, the Company and Wanka entered into a subscription agreement, pursuant to which the Company has 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. The subscription was completed on 20 January 2020 and those 25,789,000 shares were accounted for as "Financial Assets at Fair Value Through Other Comprehensive Income". For further details, please refer to the announcements of the Company dated 7 January 2020 and 20 January 2020 respectively.

(a) Implication on Profit or Loss for FY2020

Dividend income (if any), other investment income and relevant finance costs of holding listed equity investments at FVTOCI were recognised in profit or loss for the year. During FY2020, no dividend income was recorded from holding of 25,789,000 shares of Wanka. Hence no income or expense from the Financial Assets at FVTOCI recorded (FY2019: Nil)

(b) Implication on Other Comprehensive Expenses for FY2020

During FY2020, the share price of Wanka had dropped to HK$0.51 per share as at the close of market on 31 December 2020 (being the last trading day for the FY2020), hence an unrealised loss on fair value changes of the Financial Assets at FVTOCI of approximately RMB30.2 million (FY2019: Nil) was recognised as other comprehensive expenses. Unrealised fair value change is a non-cash item and will not affect the cash flow of the Group.

The table below summarises the performance of 25,789,000 shares of Wanka during FY2020:

	Recorded in unaudited condensed consolidated statement of financial position			Recorded in unaudited condensed consolidated statement of comprehensive income		
	Number of shares	Price (per share)	Financial assets measured at fair value through other comprehensive income	Financial assets measured at fair value through other comprehensive income reserve	Profit for the year	Other comprehensive expenses for the year
		HK$	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2020	—					
allotment on 20 January 2020	25,789,000	1.90	43,366	—	—	—
Unrealised fair value changes	—		(30,187)	(30,187)	—	(30,187)
As at 31 December 2020	25,789,000	0.51	13,179	(30,187)	—	(30,187)
Percentage to total assets						
As at 31 December 2020			0.4%			
As at 31 December 2019			—			

MATERIAL LITIGATION AND ARBITRATION

The Group is not engaged in any litigation or arbitration of material importance during FY2020.

PROPOSED FINAL DIVIDEND

The Board has recommended the payment of a final dividend of RMB0.1072 per ordinary share for the year ended 31 December 2020 to the shareholders whose names appear on the register of members of the Company on 10 June 2021 (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 May 2021 (the "**2021 AGM**"), the Proposed Final Dividend is expected to be paid on or around 5 July 2021.

CLOSURE OF REGISTER OF MEMBERS FOR 2021 AGM

For the purpose of determining the rights to attend and vote at the 2021 AGM, the register of members of the Company will be closed from 18 May 2021 to 24 May 2021 (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 2021 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 17 May 2021.

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 2021 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 June 2021 to 10 June 2021 (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 4 June 2021.

SUFFICIENCY OF PUBLIC FLOAT

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

CORPORATE GOVERNANCE

The Board monitored the corporate governance practices of the Company throughout the year ended 31 December 2020.

The Company recognizes the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of the shareholders as a whole. The Board is of the view that the Company has met the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "**Governance Code**") contained in Appendix 14 to the Listing Rules for the year ended 31 December 2020.

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

MODEL CODE FOR SECURITIES TRANSACTIONS

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

Upon specific enquiry, all Directors of the Company confirmed that they have complied with the Model Code for the year ended 31 December 2020. 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 2020.

AUDIT COMMITTEE

The Board of Company has established an audit committee (the "**Audit Committee**") in compliance with Rule 3.21 of the Listing Rules. The Audit Committee has reviewed the consolidated financial statements of the Group for the year ended 31 December 2020, 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 2021, which is subject to the approval of the shareholders of the Company at the 2021 AGM.

SCOPE OF WORK OF ERNST & YOUNG

The figures in respect of the Group's results for the year ended 31 December 2020 as set out in the preliminary announcement have been agreed by the Group's independent auditor, Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standard on Review Engagements or Hong Kong Standards on Assurance Engagements issued by Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by Ernst & Young on the preliminary announcement of results.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.xinpoint.com. The 2020 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

The development of the Group has been blessed with the trust and support of its shareholders, investors and business partners. On behalf of the Board, I also extend my gratitude to all our staff for their hard work and dedication.

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

Hong Kong, 25 March 2021

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.