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 2022

FINANCIAL HIGHLIGHTS

- Revenue increased by approximately 24.7% to approximately RMB2,882.9 million (FY2021: approximately RMB2,312.5 million).
- Gross profit increased by approximately 38.4% to approximately RMB882.1 million (FY2021: approximately RMB637.4 million).
- Profit attributable to owners of the Company increased by approximately 100.4% to approximately RMB431.3 million (FY2021: approximately RMB215.2 million).
- Basic earnings per share increased 104.8% to approximately RMB43 cents (FY2021: approximately RMB21 cents).
- Proposed final dividend amounted to HK$0.14 per share.
- Capital expenditure decreased by approximately 60.5% to approximately RMB167.2 million (FY2021: approximately RMB423.7 million).
- Consolidated net asset value increased by approximately 17.9% to approximately RMB2,918.8 million (FY2021: approximately RMB2,475.3 million).

The board (the "**Board**") of directors (the "**Directors**") of Xin Point Holdings Limited (the "**Company**" or "**Xin Point**") is pleased to announce the consolidated financial results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2022 ("**FY2022**"), together with the comparative figures for the year ended 31 December 2021 ("**FY2021**") reviewed by the audit committee of the Board ("**Audit Committee**") as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	**2022**	2021
		RMB'000	*RMB'000*
REVENUE	4	**2,882,866**	2,312,468
Cost of sales		**(2,000,753)**	(1,675,106)
Gross profit		**882,113**	637,362
Other income and gains		**80,277**	21,075
Selling and distribution expenses		**(77,280)**	(62,587)
Administrative expenses		**(353,065)**	(333,562)
Other expenses		**(3,772)**	—
Finance costs		**(11,136)**	(3,879)
Share of profit of an associate		**1,428**	1,999
Share of loss of a joint venture		**(3,983)**	(3,665)
PROFIT BEFORE TAX	5	**514,582**	256,743
Income tax expense	6	**(86,091)**	(43,707)
PROFIT FOR THE YEAR		**428,491**	213,036
Attributible to:			
Owners of the parent		**431,296**	215,240
Non-controlling interests		**(2,805)**	(2,204)
		428,491	213,036

	Notes	**2022**	2021
		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		**81,672**	(35,643)
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		**(3,104)**	(214)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**78,568**	(35,857)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**507,059**	177,179
Attributible to:			
Owners of the parent		**509,864**	179,383
Non-controlling interests		**(2,805)**	(2,204)
		507,059	177,179
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
– Basic		**RMB43 cents**	RMB21 cents
– Diluted		**RMB43 cents**	RMB21 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2022

	Notes	**2022**	2021
		RMB'000	*RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**1,591,392**	1,465,269
Right-of-use assets		**164,106**	180,218
Goodwill		—	3,772
Intangible asset		**—**	670
Investment in an associate		**6,875**	5,447
Investment in a joint venture		**1,470**	2,023
Financial asset at fair value through other comprehensive income		**7,855**	10,520
Prepayments and deposits		**208,731**	186,765
Deferred tax assets		**4,726**	9,286
Total non-current assets		**1,985,155**	1,863,970
CURRENT ASSETS			
Inventories		**598,039**	566,151
Trade and bills receivables	9	**793,662**	612,466
Prepayments, deposits and other receivables		**244,780**	202,090
Derivative financial instruments		**—**	1,202
Tax recoverable		**959**	4,881
Cash and cash equivalents		**341,535**	148,660
Total current assets		**1,978,975**	1,535,450

	Notes	**2022**	2021
		RMB'000	*RMB'000*
CURRENT LIABILITIES			
Trade payables	10	**389,526**	359,021
Other payables and accruals		**264,373**	184,811
Interest-bearing bank borrowings		**75,616**	130,898
Lease liabilities		**31,526**	31,098
Tax payable		**115,577**	105,787
Total current liabilities		**876,618**	811,615
NET CURRENT ASSETS		**1,102,357**	723,835
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,087,512**	2,587,805
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		**70,245**	—
Deferred tax liabilities		**184**	500
Lease liabilities		**98,282**	111,974
Total non-current liabilities		**168,711**	112,474
Net assets		**2,918,801**	2,475,331
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**87,485**	87,485
Reserves		**2,833,137**	2,390,691
		2,920,622	2,478,176
Non-controlling interests		**(1,821)**	(2,845)
Total equity		**2,918,801**	2,475,331

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. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

During the year, the Group was principally engaged 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 Companies Ordinance (Chapter 622, Laws of Hong Kong). 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 following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	*Reference to the Conceptual Framework*
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to HKAS 37	*Onerous Contracts - Cost of Fulfilling a Contract*
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

The nature and the impact of the revised HKFRSs that are applicable to the Group are described below:

(a) Amendments to HKFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* (the "**Conceptual Framework**") issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no business combinations during the year, the amendments did not have any impact on the financial position and performance of the Group.

(b) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by HKAS 2 *Inventories*, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

(d) *Annual Improvements to HKFRSs 2018-2020* sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendment that is applicable to the Group are as follows:

- HKFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively from 1 January 2022. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment did not have any 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

	2022	2021
	RMB'000	*RMB'000*
China	**1,074,520**	989,548
North America	**1,263,074**	775,449
Europe	**434,995**	437,182
Other countries	**110,277**	110,289
	2,882,866	2,312,468

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

(b) Non-current assets

	2022	2021
	RMB'000	*RMB'000*
China	**1,211,096**	1,303,911
Other countries	**761,478**	542,966
	1,972,574	1,846,877

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

Information about a major customer

There were no sales to a single customer contributing over 10% of the total revenue of the Group in both years.

4. REVENUE

An analysis of revenue is as follows:

	2022	2021
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Sale of industrial products	**2,882,866**	2,312,468

(i) Disaggregated revenue information

The Group's entire revenue from the goods transferred is recognised at a point in time.

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:

	2022	2021
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of goods	**2,716**	5,421

(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 120 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):

	2022	2021
	RMB'000	*RMB'000*
Cost of inventories sold@	**2,000,753**	1,675,106
Write-down of inventories to net realisable value	**77**	3,594
Depreciation of property, plant and equipment	**152,047**	137,014
Depreciation of right-of-use assets	**36,743**	34,342
Amortisation of an intangible asset*	**670**	671
Lease payments not included in the measurement of lease liabilities	**4,365**	3,304
Impairment of trade and bills receivables	**2,645**	2,636
Impairment of items of property, plant and equipment	**14,654**	—
Research and development costs#	**73,159**	68,703
Fair value gain on derivative financial instruments, net*	**(2,025)**	(4,505)
Auditor's remuneration	**3,465**	2,793
Employee benefit expense@ (including directors' and chief executive's remuneration)		
Wages and salaries	**626,631**	576,616
Equity-settled share option expense	**2,384**	3,202
Pension scheme contributions***	**111,739**	42,682
	740,754	622,500
Write-off of items of property, plant and equipment*	**1,884**	10,081
Loss on derecognition of right-of-use assets	**—**	1,187
Loss/(gain) on disposal of items of property, plant and equipment, net*	**3,010**	(592)
Foreign exchange differences, net*	**(48,923)**	25,596
Impairment of goodwill**	**3,772**	—

* The 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.

*** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 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 (2021: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2021: 8.25%) and the remaining assessable profits are taxed at 16.5% (2021: 16.5%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, except for one subsidiary of the Group qualified as a High and New Technology Enterprise in Mainland China has a lower corporate income tax rate of 15% (2021: 15%) applied for the year.

	2022	2021
	RMB'000	*RMB'000*
Current:		
Charge for the year		
Hong Kong	**40,699**	26,354
Elsewhere	**52,465**	28,077
Overprovision in prior years	**(11,317)**	(4,021)
Deferred	**4,244**	(6,703)
Total tax charge for the year	**86,091**	43,707

7. DIVIDENDS

	2022	2021
	RMB'000	*RMB'000*
Interim – RMB0.0513 (2021: RMB0.045) per ordinary share	**51,449**	45,629
Proposed final – HK$0.14 (2021: HK$0.0213) per ordinary share	**123,157**	18,353
	174,606	63,982

A final dividend of HK$0.14 per share amounting to approximately RMB123,157,000 in respect of the year ended 31 December 2022 (2021: HK$0.0213 per share amounting to approximately RMB18,353,000) 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 2022 and 2021.

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to the ordinary equity holders of the parent and the total of (i) the weighted average number of ordinary shares as used in the basic earnings per share calculation, and (ii) the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

	2022	2021
	RMB'000	*RMB'000*
Profit for the year attributable to ordinary equity holders of the parent for the purpose of basic and diluted earnings per share calculation	**431,296**	215,240

	2022	2021
	Number of shares	Number of shares
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**1,002,905,000**	1,002,905,000
Effect of dilution – weighted average number of ordinary shares:		
Share options	**—**	719,000
	1,002,905,000	1,003,624,000

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:

	2022	2021
	RMB'000	*RMB'000*
Within 1 month	**348,287**	362,730
1 to 2 months	**247,729**	129,885
2 to 3 months	**119,346**	64,256
Over 3 months	**78,300**	55,595
	793,662	612,466

The Group's trading terms with its customers are mainly on credit. The credit period is generally one to four months. 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 and bills 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:

	2022	2021
	RMB'000	*RMB'000*
Within 1 month	**267,208**	213,592
1 to 2 months	**53,322**	53,432
2 to 3 months	**14,091**	25,112
Over 3 months	**54,905**	66,885
	389,526	359,021

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

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET OVERVIEW

Since 2020, the global automotive sector has faced decreased demand and production halts resulting from the Coronavirus Disease 2019 ("**COVID-19**") and automotive semiconductor shortages. On the other hand, we have seen recovery in global automotive markets in 2022, with new-vehicle sales racking up at growth rates similar to those of 2021. According to the latest news, global automotive sales for 2022 posted an overall flat growth from the sales volume in 2021, at 66.9 million units.

There were still rebounds in the global automotive industry, but they varied widely by region, depending on the pace of the economic recovery, as well as the depth of the downturn they have experienced. Indeed, in Asia Pacific area, despite large disruptions in China, annual sales still grew by 8.6% year-on-year. However, North American sales posted the largest decline in 2022 with a -7.1% year-on-year contraction, offsetting the recovery in 2021. Western Europe and Latin America may have to wait until 2023 to return to pre-pandemic levels. It was estimated that China alone accounted for 30% of sales in 2022 (although its share has fallen from 33% since 2020), while the United States ("**US**") took 19%.

The global recovery in automobile industry was dampened by the supply-chain volatility in 2022: a global shortage of semiconductors, a key automotive component, hit automakers' ability to service rebounding demand; productions in China was affected by power shortages throughout the first quarter of 2022; prolonged shortages of magnesium, an essential component for producing aluminum alloys used in vehicles; electric vehicles ("**EV**") makers ran short of lithium and cobalt, which are crucial for battery manufacturing. Such widening demand-supply gap pushed up the prices for new as well as used car models, and resulted in long waiting periods for customers. Once, a renowned German manufacturer said some of its buyers would have to wait more than a year for their models to be delivered. However, we have observed that in some areas, there has been an easing of the situation by the second half of 2022.

EV sales continue to soar in 2022: 7.8 million EVs were sold worldwide in 2022, a 68% increase from 2021, and EVs are finally becoming serious market disruptors. Governments are becoming increasingly innovative with their EV incentive policies, in order to encourage clean vehicle sales without too much cost and without benefiting high-income households. While the US offers a US$7,500 EV tax credit at the point of sale on clean-vehicle purchases from January 2023; China has extended tax breaks and purchase subsidies available for buyers of new energy vehicles until the end of 2023.

BUSINESS OVERVIEW

Global automobile sales have faced several challenges over the past three years. First came COVID-19 and the lockdown, then came the semiconductor shortage and supply chain issues. In 2022, the Russian–Ukrainian conflicts made life even more difficult for the automotive industry.

During 2022, market growth was driven by China and India, the world's largest and fourth-largest new vehicle markets. In China, the growth was due to the increased push on EVs with greater supply and the recent reopening of the economy.

The situation in some mature markets was not very promising. As inflation problems continue in the US and Europe, sales in 2022 remained flat or grew by only very small percentages. In the US, sales volume is not expected to exceed 14 million units, despite the positive response of the demand for newly available EVs. In Europe, there is still uncertainty about the economic situation, the war in Ukraine, and the increase in car prices.

The Group recorded a growth in the total number of sales units from approximately 395.4 million in FY2021 to 408.3 million in FY2022, representing an increase of approximately 3.3%, while the total revenue of the Group also increased to approximately RMB2,882.9 million, representing an increase of approximately 24.7% as compared with the corresponding period of FY2021 (FY2021: approximately RMB2,312.5 million).

The Group's gross profit for FY2022 amounted to approximately RMB882.1 million, represented an increase of 38.4% when compared with that of last year (FY2021: approximately RMB637.4 million) due to the increase in the Group's total revenue. The gross profit margin of the Group for FY2022 was 30.6% (FY2021: 27.6%), the increase in the gross profit margin of the Group was due to the increase in operating efficiencies (see further discussions under "Financial Review" section below).

Electro-plating production capacity and utilization rate

Our annualised electro-plating production capacity as of 31 December 2022 decreased to approximately 3.50 million sq.m. (as of 31 December 2021: approximately 3.80 million sq.m.), the Group decided to completely close down our electro-plating facilities in Wuxi Yangshe Industrial Park ("**Wuxi Production Bases**") in the second half of 2022 due to obsolescence and environmental restrictions, such capacities are expected to be replaced by another new addition production base in Huizhou during the first half of 2023. In the meantime, our capacity utilisation rate for FY2022 increased to approximately 86.8% as compared with the overall utilisation rate of 62.9% for FY2021, due to the fact that the electro-plating facilities in our Wuxi Production Bases were no longer contributing in the second half of 2022.

Production yield

During FY2022, our overall production yield rate remained relatively stable with a slight decrease of 0.5 percentage point from approximately 89.0% in FY2021 to 88.5% in FY2022.

Outlook and order book

Year 2022 has been a magical year which we witnessed significant changes that have taken place in the automobile industry, which is coming out of one of its most challenging periods in history.

The industry is continuing to deal with major global disruptions, not just from COVID-19, but from so many other elements of the global economy: such as the tensions in Asia-Pacific and the war in Ukraine have created a climate of uncertainty and hesitation; shortages from microchips to labour are affecting almost every touchpoint along the automotive supply chain. All these factors have been creating challenges to the automotive suppliers, and according to some recent studies, the market is still expecting margins and growth pressures in 2023 for automotive industry. The automotive supplier industry is facing its third consecutive year of slumping volumes; although average profit margins have returned to pre-pandemic levels, several lingering disruptions and many new challenges continues to ramp up the pressure on supplier margins and growth over the short-term. The difficulties are caused primarily by semiconductor shortages and skyrocketing material prices, and especially in Europe, soaring energy prices.

However, one of the most important global trends continues to be the industry's focus on the development of EVs, whether it is improving battery performance or expanding the charging infrastructure and automated driving technologies. These ambitions are resulting in a significant increase in research and development by vehicle manufacturers, who seem to be charging ahead with EV technology despite the many other challenges they currently face. The autonomous vehicle segment will take a leap in 2023, many original equipment manufacturers are planning to launch their level 3 vehicles in 2023 and are expected to hit the roads.

According to media reports, there were 7.8 million EVs sold worldwide in 2022, a 68% increase from 2021, such uptick helped EVs achieve a roughly 10% global market share in the automotive industry for the first time, and more recent projections expect the EV market to make even more headway in the years ahead.

Also, according to the latest figures from the China Association of Automobile Manufacturers ("**CAAM**"), it is reported that China's auto exports in 2022 maintained at a high level. Since August 2022, the average monthly export figure exceeded 300,000 units, and the annual export exceeded 3 million units; among them, Chinese EVs market developed rapidly in the past two years, ranking first in the world for eight consecutive years. EV sales were approximately 6.9 million units for 2022, represented a year-on-year increase of 93.4%. In 2023, the Group will put more efforts in and focus on the Chinese EV market by leveraging our Group's advanced surface treatment capabilities and our local networks within the Chinese automobile industry.

The Group's outstanding order book remains healthy at approximately RMB10.6 billion for the next five years from 1 January 2023 to end of 2027.

After successfully launching its QCARLINK platform, our Shenzhen joint venture company with Wanka Online Inc., whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited ("**Stock Exchange**"), (stock code: 1762), has been expanding its businesses with three Chinese vehicle manufacturers and have installed over 50,000 terminals inside their vehicles. The QCARLINK platform now includes 50 applications and its major functionalities include: in-vehicle news, on-demand audio and video and recommendations of automobile related service providers, etc. During 2022, the joint venture company also expanded its business into remote software package distribution systems, user data analytics and in-vehicle operating systems, by co-operating with the joint venture company and analyzing such "big-data", an automotive manufacturer will have better understanding on the customers' vehicle usage preferences or other kinds of commercial opportunities or value-added services to be offered to their customers.

Some research firms predicts that global vehicle sales will rise this year despite a downbeat outlook for the global economy. Although it may seem counterintuitive, it is a result of several factors, including more consistent production volumes, delayed demand from the accumulated order books and some more positive economic momentum in certain regions, such as China. This should result in an improvement in passenger car sales on the order of single-digit in 2023.

The Group believes that it will continue to be exposed to various pressures emanating from the more balanced supply and demand picture, continued cost inflation and potentially, more price-sensitive consumer demand, which are the same risks faced by car manufacturers in 2023. On the other hand, the Group will not stand still and will aim to counter these pressures with cost savings and continued prioritisation of our production facilities on the more profitable parts. However, on balance, the Group would expect that the room for maneuver will be smaller this year.

FINANCIAL REVIEW

Revenue

The global vehicle market remained vulnerable to ongoing supply chain pressures and rising geopolitical tensions. This caused a nearly flat growth in global new car sales.

Although 2022 was challenging for the world's major automakers, as supply chain disruptions made it hard to produce enough vehicles to meet demand, the Group still recorded an overall increase by approximately RMB570.4 million or approximately 24.7% from approximately RMB2,312.5 million for FY2021 to approximately RMB2,882.9 million for FY2022. The total number of units of automotive decorative components sold in FY2022 slightly increased by approximately 13.0 million units or approximately 3.3% from FY2021, however, the average selling price ("**ASP**") for automotive decorative components significantly increased to approximately RMB7.06 per unit or by approximately 20.7% when compared to FY2021, which was the key drivers of Group's revenue growth for FY2022:

i. our Group has been committing significant amount of research and development ("**R&D**") efforts on surfacing treatment technologies, including but not limited to spray painting and physical vapor deposition and we have seen these product lines progressing in 2022, and they in fact carry higher ASPs when comparing with traditional sole electro-plating products;

ii. our revenue from North America exceeded the revenue from China in 2022 for the first time, together with an increase of our product ASPs of more than 40% within the North America. Although the inventory-to-sales ratio in the North America has been on an upward trend since the beginning of 2022, it was still well below its long-term average, an indication that the current speed of inventory recovery can hardly catch up with sales. This represented that there was still a strong consumer demand coupled with purchasing power parity encouraged the demand trends for vehicles in US;

iii. the percentage of overall revenue coming from China for 2022 decreased to approximately 37.3% or 5.5 percentage point less when compared to 2021. Vehicle sales in China decelerated since August 2022 and plunged again in November 2022 as a result of COVID-19 lockdowns that lasted until early December 2022 when the country relaxed its zero-COVID policy, which also affected the Group's revenue from China region; and

iv. ongoing supply chain disruptions caused by the conflict in Ukraine have raised inflation risks and reduced growth prospects for the European economy in the near-term. Although Western European vehicle sales picked up in the fourth quarter of 2022 but annual vehicle sales still declined in 2022, which resulted in the Group's revenue from European sales posting a decline in both absolute amount and percentage of total revenue for 2022.

Revenue by geographic segment:

	FY2022		FY2021	
	RMB'000	***%***	*RMB'000*	*%*
China	**1,074,520**	**37.3%**	989,548	42.8%
North America	**1,263,074**	**43.8%**	775,449	33.5%
Europe	**434,995**	**15.1%**	437,182	18.9%
Others	**110,277**	**3.8%**	110,289	4.8%
	2,882,866	**100.0%**	2,312,468	100.0%

Cost of sales

	FY2022		FY2021	
	RMB'000	***%***	*RMB'000*	*%*
Direct materials	**671,037**	**33.5%**	488,460	29.2%
Staff costs	**515,475**	**25.8%**	431,226	25.7%
Overheads	**814,241**	**40.7%**	755,420	45.1%
– Depreciation	**153,964**	**7.7%**	137,341	8.2%
– Mold cost	**141,467**	**7.1%**	176,228	10.5%
– Utilities	**173,911**	**8.7%**	123,140	7.4%
– Shipping and delivery	**116,249**	**5.8%**	91,712	5.5%
– Others	**228,650**	**11.4%**	226,999	13.5%
	2,000,753	**100.0%**	1,675,106	100.0%

Cost of sales increased by approximately RMB325.7 million or approximately 19.4% from approximately RMB1,675.1 million for FY2021 to approximately RMB2,000.8 million for FY2022. The Group's increase in cost of sales was less than its increase in revenue during FY2022 and such increase was attributable, among other things, to the following factors:

1. during the year, the Group was exposed to the same problems experienced by other car manufacturers: increases in energy costs, raw materials and logistics costs. Raw material cost increased by 37.4% year-on-year to RMB671.0 million for FY2022 and such increases created additional pressure on the cost of sales of the Group and limited the profit margin growth in FY2022;

2. the Group is constantly striving to improve its operating efficiencies through process automation. During 2022, our injection processes implemented extensive automation programs which resulted a moderate increase in our overall headcount during FY2022, hence the Group recorded an overall increase in output per worker ratio, and the Group was able to maintain a lower growth rate of 19.5% in staff cost as compared to the growth of revenue for FY2022;

3. mold cost incurred in FY2022 decreased by 19.7% as compared to last year, which was partly due to the fact that less molds needed to be repaired and modified resulting from our improved mold fabrication processes and staff skills, and partly due to the fact that less molds were made in response to our customers' product development cycle; and

4. the Group's operations were still affected by the volatile global environment: including skyrocketing material price caused by shortages from demand recovery and pressured supply chains. Although there have been some minor reductions in the global freight rates, the Group has been facing higher levels of logistics and energy cost since 2021.

Gross profit

The Group has been investing in the R&D in relation to the advanced surfacing treatment technologies and the Group saw the percentage of our spray-painting product lines, which yielded higher operating margins, recorded continuous growth in the past years, partly contributing to an increase in the gross profit margin.

Together with a higher output per worker ratio, the Group also recorded a lower growth in the cost of sales than its revenue increase during FY2022, the Group reported a gross profit of approximately RMB882.1 million for FY2022, represented approximately RMB244.7 million or 38.4% increase in overall gross profit as compared to FY2021. The Group's gross profit margin also increased by three percentage points from 27.6% for FY2021 to 30.6% for the current year.

Other income and gains

Other income and gains mainly represented bank interest income, income from sale of scraps, testing fee income and exchange gains. Other income and gains significantly increased from approximately RMB21.1 million in FY2021 to approximately RMB80.3 million in FY2022, this was due to the recognition of net exchange gains of approximately RMB48.9 million (FY2021: net exchange losses of approximately RMB25.6 million booked as administrative expenses), which was mainly driven by the appreciation of United States Dollar ("**US Dollar**") against Renminbi.

Selling and distribution expenses

Sales and distribution expenses increased by approximately RMB14.7 million or approximately 23.5% to approximately RMB77.3 million for FY2022 as compared to the same period of 2021. The increase was in line with the Group's revenue growth and mainly due to increased business travelling and meetings as results of relaxation of COVID-19 measures.

Administrative expenses

The table below summarises the components of administrative expenses:

	FY2022		FY2021	
	RMB'000	*%*	*RMB'000*	*%*
Staff costs	**153,164**	**43.4%**	135,173	40.5%
Research and development expenses	**73,159**	**20.7%**	68,703	20.6%
Depreciation and amortisation	**19,476**	**5.5%**	21,816	6.5%
Legal and professional fees	**16,893**	**4.8%**	13,613	4.1%
Impairment of items of property, plant and equipment	**14,654**	**4.2%**	—	—
Exchange losses	**—**	**—**	25,596	7.7%
Others	**75,719**	**21.4%**	68,661	20.6%
	353,065	**100.0%**	333,562	100.0%

Administrative expenses increased by approximately RMB19.5 million or approximately 5.8% from approximately RMB333.6 million for FY2021 to approximately RMB353.1 million for FY2022.

The increase in administrative expenses was mainly contributed by the followings:

i. the increase in staff costs by approximately RMB18.0 million for FY2022, which was partly a result of addition bonus provisions made for our staff due to the Group's improved financial performance, and partly due to an increase in headcount;

ii. the slight increase in R&D expenses by approximately RMB4.5 million (by 6.5%) as the Group strives to maintain its technology competitiveness within the market and believes that investing in R&D for production automation is the key to achieving our operating efficiencies;

iii. the Group recorded a significant amount of net exchange gains amounting RMB48.9 million (recorded as other income and gains, see above) as Renminbi depreciated more than 8% against US dollar during 2022, and that the Group collected more than 40% of its revenue in US dollars from the North America; and

iv. there were additional provisions of approximately RMB14.7 million recorded for the obsolete electro-plating production lines in the Wuxi Production Bases.

Net profit attributable to owners of the Company

Net profit attributable to owners of the Company increased by approximately 100.4% from approximately RMB215.2 million for FY2021 to approximately RMB431.3 million for FY2022. This was primarily due to, among other things, the followings:

(i) the Group's revenue recorded a historical high with a growth of 24.7% or an increase of approximately RMB570.4 million for FY2022, the gross profit also increased from approximately RMB637.4 million for FY2021 to approximately RMB882.1 million or by approximately 38.4% for FY2022 and the Group's profitability and efficiencies improved as a result of, among other things, improvement of process automation and cost control initiatives;

(ii) sales and distribution expenses increased by 23.5% for FY2022 as compared to FY2021;

(iii) other income and gains increased significantly by approximately 3.8 times to approximately RMB80.3 million for FY2022, primarily due to the net exchange gain recorded as a result of the US dollars soaring against Renminbi during the year;

(iv) administrative expenses increased by approximately 5.8% to approximately RMB353.1 million for FY2022, which was incurred primarily due to the additional management bonus provided as discussed above; and

(v) income tax increased by approximately 97.0% for FY2022 due to the increase in taxable profits of certain subsidiaries.

Basic earnings per share attributable to owners of the Company for FY2022 increased by 104.8% as compared to last year and was approximately RMB43 cents (FY2021: approximately RMB21 cents).

Total comprehensive income

Total comprehensive income for FY2022 was RMB507.1 million (FY2021: RMB177.2 million), which comprised (a) profit for FY2022 of RMB428.5 million (FY2021: RMB213.0 million); and (b) other comprehensive income for FY2022 of RMB78.6 million (FY2021: other comprehensive loss of RMB35.9 million) which included unrealised loss on fair value changes of listed equity investment at fair value through other comprehensive income ("**FVTOCI**") of approximately RMB3.1 million (FY2021: RMB0.2 million).

Liquidity and financial resources

For FY2022, the Group's net cash inflow from operating activities amounted to approximately RMB449.3 million, as compared to approximately RMB135.3 million in FY2021. Such improvement in the Group's cash inflow was mainly due to the increase of Group's gross profit as discussed above.

For FY2022, bank-borrowing remained stable, as at 31 December 2022, the Group had interest-bearing bank borrowings of RMB145.9 million, and the gearing ratio, being total bank borrowings divided by total equity, was 5.0% (31 December 2021: 5.3%).

Commitments

As at 31 December 2022, 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	82,416
Capital contributions to a joint venture company	35,121
	117,537

Interest Rate and Foreign Exchange Risks

As at 31 December 2022, the balance of bank borrowings of the Group was approximately RMB145.9 million, of which RMB73.8 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 2022, the Group's cash and cash equivalents denominated in currencies other than the functional currencies amounted to approximately RMB220.4 million of which approximately RMB186.0 million was denominated in USD, approximately RMB25.8 million was denominated in EUR, approximately RMB8.6 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 towards the foreign exchange risk and closely monitored the foreign exchange exposure and adjusted the control strategy.

Contingent Liabilities

As at 31 December 2022, the Group had no contingent liabilities (31 December 2021: Nil).

Mortgaged Assets

To secure general banking facilities, two of the Group's subsidiaries in the PRC pledged their land leases with a net carrying amount of approximately RMB13.7 million as at 31 December 2022. One of the Group's subsidiaries in Germany pledged its machinery with a net book value of approximately RMB1.2 million as at 31 December 2021.

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 FY2022, the Group's capital expenditure amounted to approximately RMB167.2 million (FY2021: approximately RMB423.7 million). The capital expenditure accommodated further investments in our new injection, spray-painting and electroplating production facilities located in China and Mexico for the planned production capacity expansion to meet with our customers' demands.

IMPORTANT EVENTS AFTER THE END OF FY2022

There are no important events affecting the Group which has occurred since the end of FY2022 and up to the date of this announcement.

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 the 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 2022, all the net proceeds were fully utilized and applied as follows:

Purpose	**Planned amount as mentioned in the Prospectus** *RMB million*	**Revised allocation** *RMB million*	**Percentage of Total amount**	**Actual usage up to 31 December 2022** *RMB million*	**Remaining balance as at 31 December 2022** *RMB million*	**Expected timeline for fully utilizing the remaining proceeds**
Expanding and improving the production facilities in PRC						
i) Set up the Huizhou New Production Base	155.0	155.0	20.9%	155.0	—	N/A
ii) Construct the Wuxi New Production Base	76.4	57.2	7.7%	57.2	—	N/A
iii) Construct a new electroplating production line	23.0	23.0	3.1%	23.0	—	N/A
iv) Invest in plastic injection equipment	11.9	11.9	1.6%	11.9	—	N/A
Constructing the new production base in Mexico and investing in production facilities and equipment	298.1	389.0	52.5%	389.0	—	N/A
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	0.1%	1.3	—	N/A
Enhancing the product quality, product safety and R&D capabilities	42.3	42.3	5.7%	42.3	—	N/A
Enhancing the information technology and customer services systems	35.6	2.6	0.4%	2.6	—	N/A
Working capital and general corporate purposes	59.2	59.2	8.0%	59.2	—	N/A
Total	741.5	741.5	100.0%	741.5	—	

Dividend

The Board recommends the payment of a final dividend of HK$0.14 per ordinary share ("**Shares**") for the year ended 31 December 2022, together with the interim dividend of RMB5.13 cents per Share paid, the effective dividend payout ratio was 40.7%, when calculating against the net profit of RMB428.5 million for FY2022.

EMPLOYEES

As at 31 December 2022, the Group had 6,059 employees (31 December 2021: 5,851 employees), among which, 4, 456, 6, 18, 13, 1,566 employees were based in China, Hong Kong, the US, Germany and Mexico, respectively. The remuneration and staff cost for FY2022 were approximately RMB740.8 million (FY2021: RMB622.5 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 Group. They receive social welfare benefits and other benefits, including social insurance. As required by the relevant laws and regulations regarding social insurance, relevant subsidiary of 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 where the subsidiary operates.

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

Further, the remuneration committee of the Board reviews and determines the remuneration and compensation packages of the Directors and senior management 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 that the employees are aware of and familiar with the Group's values and goals and understand their role in the Group. Employees are encouraged to attend seminars relevant to their position to enhance the competencies for their role within the Group.

CAPITAL STRUCTURE

As at 31 December 2022, 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 2021: 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 of the Company 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 granted share options to a group of eligible grantees (the "**Grantees**") to subscribe for up to 22,946,000 Shares, 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 (the "**Listing Rules**") Governing the Listing of Securities on the Stock Exchange and with reference to the average closing prices of the Shares 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 share options were granted during FY2022.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2022, 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 was not engaged in any litigation or arbitration of material importance during FY2022.

PROPOSED FINAL DIVIDEND

The Board has recommended the payment of a final dividend of HK$0.14 per Share for the year ended 31 December 2022 to the shareholders whose names appear on the register of members of the Company on 15 June 2023 (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 1 June 2023 (the "**2023 AGM**"), the Proposed Final Dividend is expected to be paid on or around 10 July 2023.

CLOSURE OF REGISTER OF MEMBERS FOR 2023 AGM

For the purpose of determining the rights to attend and vote at the 2023 AGM, the register of members of the Company will be closed from 29 May 2023 to 1 June 2023 (both days inclusive), during which period no transfer of Shares will be effected. In order to be entitled to attend and vote at the 2023 AGM, unregistered holders of Shares 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 25 May 2023.

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 2023 AGM. For the purpose of determining the entitlement to the Proposed Final Dividend, the register of members of the Company will be closed from 12 June 2023 to 15 June 2023 (both days inclusive), during which period no transfer of Shares will be registered. In order to be entitled to the Proposed Final Dividend, unregistered holders of Shares 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 9 June 2023.

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 Listing Rules up to the date of this announcement.

CORPORATE GOVERNANCE

The Board monitored the corporate governance practices of the Company throughout FY2022.

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 Part 2 of the Corporate Governance Code contained in Appendix 14 to the Listing Rules for FY2022.

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 confirmed that they have complied with the Model Code for FY2022. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management of the Group for FY2022.

AUDIT COMMITTEE

The Board has established an 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 FY2022, 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 the year ending 31 December 2023, which is subject to the approval of the shareholders of the Company at the 2023 AGM.

SCOPE OF WORK OF ERNST & YOUNG

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 FY2022 as set out in this 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 and consequently no opinion or assurance conclusion has been expressed by Ernst & Young on this 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 annual report of the Company for FY2022 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, 28 March 2023

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.