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 2023

FINANCIAL HIGHLIGHTS

- Revenue increased by approximately 7.6% to approximately RMB3,102.9 million (FY2022: approximately RMB2,882.9 million).
- Gross profit increased by approximately 25.0% to approximately RMB1,103.0 million (FY2022: approximately RMB882.1 million).
- Profit attributable to owners of the Company increased by approximately 40.8% to approximately RMB607.4 million (FY2022: approximately RMB431.3 million).
- Basic earnings per share increased by 41.9% to approximately RMB61 cents (FY2022: approximately RMB43 cents).
- Proposed final dividend amounted to HK25.0 cents per share.
- Capital expenditure increased by approximately 56.8% to approximately RMB262.1 million (FY2022: approximately RMB167.2 million).
- Consolidated net asset value increased by approximately 19.1% to approximately RMB3,475.3 million (FY2022: approximately RMB2,918.8 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 2023 ("**FY2023**" or "**Reporting Period**"), together with the comparative figures for the year ended 31 December 2022 ("**FY2022**") 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 2023

	Notes	**2023**	2022
		RMB'000	*RMB'000*
REVENUE	4	**3,102,923**	2,882,866
Cost of sales		**(1,999,925)**	(2,000,753)
Gross profit		**1,102,998**	882,113
Other income and gains		**120,815**	80,277
Selling and distribution expenses		**(90,475)**	(77,280)
Administrative expenses		**(370,794)**	(353,065)
Other expenses		**—**	(3,772)
Finance costs		**(8,948)**	(11,136)
Share of profit of an associate		**755**	1,428
Share of loss of a joint venture		**(4,875)**	(3,983)
PROFIT BEFORE TAX	5	**749,476**	514,582
Income tax expense	6	**(144,759)**	(86,091)
PROFIT FOR THE YEAR		**604,717**	428,491
Attributible to:			
Owners of the parent		**607,394**	431,296
Non-controlling interests		**(2,677)**	(2,805)
		604,717	428,491

	Notes	2023	2022
		RMB'000	*RMB'000*
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**167,798**	81,672
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		**(4,546)**	(3,104)
OTHER COMPREHENSIVE INCOME FOR THE YEAR		**163,252**	78,568
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**767,969**	507,059
Attributible to:			
Owners of the parent		**770,646**	509,864
Non-controlling interests		**(2,677)**	(2,805)
		767,969	507,059
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
– Basic		**RMB61 cents**	RMB43 cents
– Diluted		**RMB61 cents**	RMB43 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2023

	Notes	2023	2022
		RMB'000	*RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**1,722,959**	1,591,392
Right-of-use assets		**129,394**	164,106
Goodwill		**—**	—
Intangible asset		**—**	—
Investment in an associate		**7,630**	6,875
Investment in a joint venture		**295**	1,470
Financial asset at fair value through other comprehensive income		**3,753**	7,855
Prepayments and deposits		**272,446**	208,731
Deferred tax assets		**4,504**	4,726
Total non-current assets		**2,140,981**	1,985,155
CURRENT ASSETS			
Inventories		**598,254**	598,039
Trade and bills receivables	9	**761,835**	793,662
Prepayments, deposits and other receivables		**262,195**	244,780
Tax recoverable		**1,889**	959
Cash and cash equivalents		**667,162**	341,535
Total current assets		**2,291,335**	1,978,975

	Notes	2023	2022
		RMB'000	*RMB'000*
CURRENT LIABILITIES			
Trade payables	10	**397,653**	389,526
Other payables and accruals		**268,479**	264,373
Interest-bearing bank borrowings		**—**	75,616
Lease liabilities		**29,455**	31,526
Tax payable		**123,828**	115,577
Total current liabilities		**819,415**	876,618
NET CURRENT ASSETS		**1,471,920**	1,102,357
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,612,901**	3,087,512
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		**70,533**	70,245
Deferred tax liabilities		**39**	184
Lease liabilities		**67,071**	98,282
Total non-current liabilities		**137,643**	168,711
Net assets		**3,475,258**	2,918,801
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**87,485**	87,485
Reserves		**3,392,271**	2,833,137
		3,479,756	2,920,622
Non-controlling interests		**(4,498)**	(1,821)
Total equity		**3,475,258**	2,918,801

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 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 a financial asset at fair value through other comprehensive income which has been measured at fair value. The financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

HKFRS 17	*Insurance Contracts*
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to HKAS 8	*Definition of Accounting Estimates*
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to HKAS 12	*International Tax Reform – Pillar Two Model Rules*

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

(a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 2 to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

(b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

(c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions.

Upon the application of the amendments, the Group has determined the temporary differences arising from right-of-use assets and lease liabilities separately, which have been reflected in the reconciliation disclosed in the financial statements. However, they did not have any material impact on the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualified for offsetting under HKAS 12.

(d) Amendments to HKAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to 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

	2023	2022
	RMB'000	*RMB'000*
China	**1,115,290**	1,074,520
North America	**1,457,226**	1,263,074
Europe	**419,303**	434,995
Other countries	**111,104**	110,277
	3,102,923	2,882,866

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

(b) Non-current assets

	2023	2022
	RMB'000	*RMB'000*
China	**1,128,187**	1,211,096
Other countries	**1,004,537**	761,478
	2,132,724	1,972,574

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:

	2023	2022
	RMB'000	*RMB'000*
Revenue from contracts with customers	**3,102,923**	2,882,866

(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 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:

	2023	2022
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of goods	**2,038**	2,716

(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):

	2023	2022
	RMB'000	*RMB'000*
Cost of inventories sold@	**1,999,925**	2,000,753
Write-down of inventories to net realisable value	**552**	77
Depreciation of property, plant and equipment	**190,238**	152,047
Depreciation of right-of-use assets	**34,818**	36,743
Amortisation of an intangible asset*	**—**	670
Lease payments not included in the measurement of lease liabilities	**15,992**	4,365
Gains on lease modifications	**(366)**	—
(Reversal of)/impairment of trade and bills receivables	**(302)**	2,645
Impairment of items of property, plant and equipment	**11,307**	14,654
Research and development costs#	**76,234**	73,159
Fair value gain on derivative financial instruments, net*	**—**	(2,025)
Auditor's remuneration	**4,198**	3,465
Employee benefit expense@ (including directors' and chief executive's remuneration)		
Wages and salaries	**641,481**	626,631
Equity-settled share option expense	**2,347**	2,384
Pension scheme contributions***	**67,283**	111,739
	711,111	740,754
Write-off of items of property, plant and equipment*	**147**	1,884
Loss on disposal of items of property, plant and equipment, net*	**2,637**	3,010
Foreign exchange differences, net*	**(76,734)**	(48,923)
Impairment of goodwill**	**—**	3,772

* 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.

*** 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% (2022: 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 (2022: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2022: 8.25%) and the remaining assessable profits are taxed at 16.5% (2022: 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 two subsidiaries of the Group qualified as a High and New Technology Enterprise in Mainland China have a lower corporate income tax rate of 15% (2022: 15%) applied for the year.

	2023	2022
	RMB'000	*RMB'000*
Current:		
Charge for the year		
Hong Kong	**54,360**	40,699
Elsewhere	**85,126**	52,465
(Over)/under provision in prior years	**5,196**	(11,317)
Deferred	**77**	4,244
Total tax charge for the year	**144,759**	86,091

7. DIVIDENDS

	2023	2022
	RMB'000	*RMB'000*
Interim – HK$0.10 (2022: RMB0.0513) per ordinary share	**93,611**	51,449
Proposed final – HK$0.25 (2022: HK$0.14) per ordinary share	**230,668**	123,157
	324,279	174,606

A final dividend of HK$0.25 per share amounting to approximately RMB230,668,000 in respect of the year ended 31 December 2023 (2022: HK$0.14 per share amounting to approximately RMB123,157,000) 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 2023 and 2022 respectively.

	2023	2022
	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	**607,394**	431,296

	2023	2022
	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

No adjustment has been made to the basic earnings per share amounts presented for the year ended 31 December 2023 and 2022 respectively in respect of a dilution as the impact of share options outstanding had no dilutive effect on the basic earnings per share amount 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:

	2023	2022
	RMB'000	*RMB'000*
Within 1 month	**323,873**	348,287
1 to 2 months	**262,341**	247,729
2 to 3 months	**113,013**	119,346
Over 3 months	**62,608**	78,300
	761,835	793,662

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:

	2023	2022
	RMB'000	*RMB'000*
Within 1 month	**204,974**	267,208
1 to 2 months	**67,670**	53,322
2 to 3 months	**18,029**	14,091
Over 3 months	**106,980**	54,905
	397,653	389,526

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

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET OVERVIEW

In 2023, having moved away from the impact of the most challenging COVID-19 pandemic in history, we witnessed the automotive industry undergoing an incredibly rapid transformation supported by investment in new technologies, including the transition to sustainable energy vehicles and new patterns of car use.

Despite economic challenges, the automotive market demonstrated remarkable resilience. Global automobile sales gradually regained momentum, recovering to near pre-pandemic levels by the end of 2023. For the full year, global light vehicle sales are estimated to reach nearly 75.3 million units, representing an impressive 11.9% increase from 2022 levels. This growth is fueled by new auto demand, which benefits from ongoing output gains as supply chains normalise and inventories are restocked.

Although momentum in the recovery of automobile sales in the United States (the "**US**") stalled in the second half of 2023, total new light vehicle sales increased by 12.4% year-on-year, rising from 13.8 million units in 2022 to 15.5 million units in 2023. Auto sales in Western Europe were in line with the global average, which are estimated to be slightly above 11.5 million units, although they are still below the 14.1 million units sold in 2019.

2023 is undoubtedly a milestone for Chinese automobiles industry. Production and sales of automobiles in mainland China exceeded 30 million units for the first time, and the sales of new energy vehicles reached 8.8 million unit. This achievement not only marks the vigorous development of China's auto market, but also reflects the growing preference of consumers for new energy vehicles.

While prices remain unaffordable for many consumers, automakers continue to invest in new and sustainable technologies and use marketing strategies to highlight their green credentials. Although combustion engines remain most popular by far, their market share has fallen, and sustainable energy vehicles now make up more than 35 percent of automakers' global sales.

This has been heavily influenced by several geo-political decisions. The introduction of the Inflation Reduction Act in the US in 2022 supported a general change of direction in the market. Similarly, the European Union's 2030 emission deadline mandates a move to electric vehicles ("**EV(s)**"), which will be at the forefront of many automakers' minds. Similar discussions around de-carbonisation are also happening in China and India.

In 2023, within the Battery Electric Vehicles segment, Tesla's Model Y performed incredibly well in Europe and the US. In fact, it is expected to be the world's best-selling car by the end of the year – no doubt driven by its controversial price cuts, as well as the brand's focus on innovation. While the market leader has maintained its position throughout 2023, several new EV brands are now hot on their heels, including Geely's Polestar and Chinese automaker BYD.

In 2023, automotive interior innovations continued to be developed. In-vehicle screens are becoming more functional and complex. During the year, embedded infotainment user interfaces, 3D enhanced views, and distance and object sensing technology were often mentioned. In other words, the industry is looking at the ways technology can make our vehicles safer and increase the enjoyment of use. Many of these developments are closely linked to a rise in autonomous driving and advanced driver-assistance systems. Display screen technology will be key as these areas mature.

BUSINESS OVERVIEW

In 2023, the automotive sector faced significant challenges, including EV sales starting to decline, widespread strikes in US factories, supply chain disruptions, and rising material costs. Despite these difficulties, there were glimpses of hope and resilience. Notably, car and commercial vehicle sales maintained a healthy overall growth rate. Additionally, India emerged as the fourth-largest auto market for light vehicles.

Though experiencing a slowdown, EV sales are still projected to rise. In the US, EV sales in 2024 are expected to grow year-on-year by only 16%, compared to 64% in 2023. In China, year-on-year growth of EV sales in 2024 is expected to be 11.1% compared to 36.5% in 2023. Amidst the fashionable cutting-edge EVs, China stands tall as a market giant and a global influencer, contributing to 60% of worldwide EV sales. Its controlled supply chain, relentless innovation, and growing global presence solidify its leadership. It is estimated that, by 2025, China will capture 12% of the European EV market, fueled by competitive pricing, cutting-edge battery technology, and the growing popularity of Chinese electric car brands in the United Kingdom and other European and Asian markets. In 2024, China will continue as a powerhouse in the EV revolution both in the home market and globally.

Against this contextual backdrop, the year 2023 marked a significant milestone in the annals of Xin Point. Our performance during the year was nothing short of remarkable, culminating in a record-breaking year-end results - one that witnessed the highest revenue and profit ever achieved in the history of Xin Point.

Despite a 3.6% decline in the total number of sales units, from approximately 408.3 million in FY2022 to 393.4 million in FY2023, the Group achieved a significant milestone. Total revenue reached a historical high of approximately RMB3,102.9 million, reflecting a substantial 7.6% increase compared to FY2022 (FY2022: approximately RMB2,882.9 million). This growth underlines the Group's resilience and strategic effectiveness in navigating market dynamics.

The Group's gross profit for FY2023 amounted to approximately RMB1,103.0 million, representing an increase of 25.0% when compared with that of last year (FY2022: approximately RMB882.1 million) due to the increase in the Group's total revenue. It is a record-breaking gross profit level for Xin Point. The gross profit margin of the Group for FY2023 was 35.5% (FY2022: 30.6%). The increase in the gross profit margin of the Group was mainly attributable to the continuous improvements in our operating efficiencies and relatively stable raw material prices.

Electro plating production capacity and utilisation rate

As disclosed in Xin Point's 2023 Interim Report, a new electroplating production line in Huizhou commenced operations in 2023, replacing the production lines at Huizhou headquarters and Wuxi. Overall, there have been no significant changes in our electroplating production capacity and our annualised electroplating production capacity slightly increased to approximately 3.6 million sq.m. as of 31 December 2023 (as of 31 December 2022: approximately 3.5 million sq.m.).

The Group's overall utilisation rate of electroplating production capacity for FY2023 was approximately 86.6%, which remained close to the rate of 86.8% for FY2022.

Production yield

During FY2023, our overall production yield rate improved to 93.5%, which represented an increase of 5.0 percentage points from approximately 88.5% in FY2022. Such increase was the results of investments made in the past for more efficient equipment, as well as the continuous implementation of automation wherever possible. Automated processes reduce human errors and enhance our production yield.

Outlook and order book

"2024 is expected to be another year of cagey recovery, with the automotive industry facing clear supply-side risks, into a macro-led demand environment with unclear prospects,", according to S&P Global Mobility. They forecast 88.3 million new vehicle sales worldwide in 2024, or a 2.8% increase year-over-year, as the recovery continues; whereas Scotiabank Economics estimates the outlook for annual growth of global auto sales will slow to 2.3% in 2024.

After experiencing a robust sales rebound in 2023, the automotive industry now faces a slower growth in 2024. Consumers grapple with elevated interest rates and high prices for new cars and light trucks. Since the onset of the COVID-19 pandemic, automakers have wrestled with shortages of critical parts, hindering the scheme to produce as many vehicles as consumer demand warranted. In 2023, these shortages, particularly for chips, finally eased, allowing production to return to relatively normal levels. However, over the past year, the US Federal Reserve has significantly raised interest rates, resulting in considerably higher costs for car buyers.

Several automakers are hoping that a rapid rise in sales of new EVs will drive the automobile industry to gains into 2024 and 2025. In 2023, sales of battery-powered models in the US topped one million vehicles for the first time, and Cox Automotive, another research firm, expects sales to reach 1.5 million this year. But General Motors, Ford Motor, Volkswagen and other manufacturers have been expecting an even faster ramp-up.

In China, the automotive industry is projected to sell approximately 31 million units of cars in 2024, representing a 3% increase from the previous year. However, this growth rate is slower compared to the estimated 11.7% rise observed in 2023, as reported by the China Association of Automobile Manufacturers ("**CAAM**"). Passenger vehicle sales are expected to rise by 3.1% to 26.8 million units in 2024, which is a more modest increase compared to the 10.3% growth recorded this year. Additionally, new energy vehicle sales are anticipated to moderate, with a 20% growth in 2024, contrasting with the 36.5% surge seen in 2023. Meanwhile, car exports are forecast to increase to approximately 5.5 million units in 2024, up from this year's 4.8 million.

Chinese passenger EV sales growth fell to 28% in the third quarter of 2023, from 108% in the same period of the preceding year, according to CAAM. The slowdown in growth will deepen in 2024, according to Fitch Ratings: "We expect China's domestic passenger car demand to increase modestly in 2024 to nearly 22 million units amid economic uncertainty."

Xin Point's order book remains robust, and the Group's performance is expected to be sustained through the execution of orders in 2024. The pipeline of orders amounts to approximately RMB10.6 billion for the next five years, spanning from 1 January 2024, to the end of 2028.

In 2023, Xin Point's Shenzhen joint venture company with Wanka Online Inc. significantly expanded its QCARLINK platform in partnership with local Chinese original equipment manufacturers ("**OEMs**"). This expansion included both new OEMs specialising in EVs and traditional internal combustion engine vehicles. As a result, it successfully secured projects with five OEMs, encompassing approximately 3 million vehicles. Currently, over 200,000 terminals have been installed with the QCARLINK platform. This ecosystem hosts more than 90 applications, including vehicle management and maintenance functions and the usual entertainment and news offerings. The QCARLINK research and development team also upgraded and developed the application programming interfaces for QCARLINK, which now provide a unified technical standard for OEM customers and software developers and such standard will help customers access the QCARLINK platform in a more efficient way and allow accelerated interconnection, data interchange, and service sharing.

Although there are signs of slowing electrification, intensified competition, and lower relative prices, these factors will not drive the trend forward. With China leading the way, and considering that the automotive sector maintaining momentum throughout 2023, Xin Point believes that order books and underlying demand will continue to have a positive impact on the overall demand for automobiles in 2024.

Internally, we prioritise the recruitment of productive employees, continuously automate processes, and ensure smooth operation of machines across all our operations. The focus on efficient manufacturing enables us to deliver the highest quality products to our customers on time, while also maximising value for our shareholders.

FINANCIAL REVIEW

Revenue

The global automative sales slowed down in December 2023, rounding out the fourth quarter of 2023 which held relatively flat to wrap up the year 2023. Annual global sales increased to 75.3 million units in 2023, up 11.9% year-on-year from 2022.

Pandemic, supply chain disruptions, semiconductor shortages, price increases, etc. began to recede in 2023, and OEMs and suppliers began to resume their business, Xin Point witnessed record-breaking sales of RMB3,102.9 million for FY2023. The Group recorded an overall increase in sales by approximately RMB220.0 million or approximately 7.6% from approximately RMB2,882.9 million for FY2022, demonstrating a growing consumer demand for vehicles. This sales surge is particularly noteworthy in the case of revenue from the North American market.

While the total number of units of automotive decorative components sold in FY2023 slightly decreased by approximately 14.9 million units or approximately 3.6% from FY2022, the average selling price ("**ASP**") for automotive decorative components, increased to approximately RMB7.87 per unit or by approximately 11.7% when compared to FY2022 (FY2023 ASP figures from all regions increased when compared to FY2022 figures), which was the key driver of the Group's revenue growth for FY2023:

i. the revenue from spray painting and assembly production lines continued to increase during FY2023: the revenue from spray painting products increased by 12.4% and the revenue from our assembly production lines also increased by 9.5% when compared with FY2022. In fact our spray painting products carry higher ASPs when compared with traditional sole electroplating products, which helped to further push the ASP up in 2023;

ii. the Group recorded historical high gross revenue, product ASP and segmental percentage figures from the North American region. The product ASPs from this region increased by 14.5% in FY2023. While the resilient growth in US economic activities in FY2023 boosted the Group's performance in the region, it also poses upside risks to inflation. We expect the Federal Reserve to hold the high interest rate until the third quarter of 2024, and this prolonged period of higher interest rates will weigh on consumer growth, bringing supply and demand closer to balance. Xin Point would be able to benefit from a more stable ASP level for new orders;

iii. the percentage of revenue derived from China for FY2023 returned to a normal level and there was an increase of approximately RMB40.8 million or 3.8% when compared to FY2022, which was mainly due to the country's relaxation of its zero-COVID policy. In addition, the Chinese domestic vehicle market sales was estimated to have expanded by 6% to 25.18 million units in 2023 with buyers attracted by the large number of new passenger vehicle models launched during 2023 and by aggressive promotional campaigns from manufacturers and dealers; and

iv. in western Europe, although automative sales increased by 13.7% year-on-year in 2023, sales in most countries still remained 15% to 25% below pre-pandemic levels. Growth in economic activities across western Europe in the past two years slowed down as households had to contend with higher energy prices in addition to rising interest rates and tightened monetary policy stances to slow down inflation. The Group's revenue from Europe was still being affected which resulted in a small decrease in the Group's revenue recorded from European sales.

Revenue by geographic segment:

	FY2023		FY2022	
	RMB'000	*%*	*RMB'000*	*%*
China	**1,115,290**	**35.9%**	1,074,520	37.3%
North America	**1,457,226**	**47.0%**	1,263,074	43.8%
Europe	**419,303**	**13.5%**	434,995	15.1%
Others	**111,104**	**3.6%**	110,277	3.8%
	3,102,923	**100.0%**	2,882,866	100.0%

Cost of sales

	FY2023		FY2022	
	RMB'000	*%*	*RMB'000*	*%*
Direct materials	**711,344**	**35.6%**	671,037	33.5%
Staff costs	**520,398**	**26.0%**	515,475	25.8%
Overheads	**768,183**	**38.4%**	814,241	40.7%
– Depreciation	**193,558**	**9.7%**	153,964	7.7%
– Mould cost	**108,073**	**5.4%**	141,467	7.1%
– Utilities	**176,932**	**8.9%**	173,911	8.7%
– Shipping and delivery	**88,487**	**4.4%**	116,249	5.8%
– Others	**201,133**	**10.0%**	228,650	11.4%
	1,999,925	**100.0%**	2,000,753	100.0%

Cost of sales decreased by approximately RMB0.9 million from approximately RMB2,000.8 million for FY2022 to approximately RMB1,999.9 million for FY2023; the Group recorded a decrease in cost of sales for the year, while the revenue increased during FY2023 and such decrease of cost of sales was attributable, among other things, to the following:

i. In 2023, raw materials improved in terms of cost and availability: the supply chain has stabilised and costs have started retreating from their peak pricing. Prices of volume resins were all heading downward by end of 2023. Moreover, governments worked to combat inflation and investors faced considerable uncertainty, and commodities started to return to normal price levels. Nickel was no exception, especially in the first half of the year. Raw material cost only increased by 6.0% year-on-year to RMB711.3 million for FY2023. Given that the Group's revenue increased by 7.6% as discussed above, such increase eased the pressure on the cost of sales of the Group;

ii. Xin Point is committed to continuous improvement in operations for enhancements on efficiency, productivity, and overall business. Its automation initiatives have achieved cost savings by minimising manual labour and maximising operational efficiency. By automating its productions, Xin Point can reduce its labour costs and use its resources more efficiently. During 2023, we, again, kept our staff cost growth rate at a low level of 1.0%, which was lower that the growth rate of revenue for FY2023; and

iii. Overheads amounted to approximately RMB768.2 million for FY2023, representing a decrease of approximately RMB46.0 million or approximately 5.6% from approximately RMB814.2 million for FY2022. The decrease was primarily due to decreases in both mould and logistics costs when compared with FY2022, with reductions of 23.6% and 23.9%, respectively. Such decrease resulted from the continuous production efficiency improvements with our tooling workshops by optimising headcount growth. Simultaneously, global freight rates returned to their usual levels, resulting in reduced logistics costs compared to the previous years.

Gross profit

During the year, Xin Point achieved significant milestones: sales revenue increased by 7.6%, while cost of sales remained controlled almost at the same level for FY2022. This success was attributed to the increase of product revenue supported by the external automative market environment and our internal stringent cost management. Additionally, we enhanced automation rates, eliminated obsolete production facilities, and streamlined department headcounts.

Xin Point continued to record an improved gross profit margin of 35.5% for the Reporting Period when compared with 30.6% in FY2022. The gross profit was approximately RMB1,103.0 million and approximately RMB882.1 million for FY2023 and FY2022 respectively, representing an increase of approximately 25.0%.

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 increased from approximately RMB80.3 million in FY2022 to approximately RMB120.8 million in FY2023, due to the recognition of net exchange gains of approximately RMB76.7 million (FY2022: approximately RMB48.9 million), which was mainly driven by the appreciation of United States Dollar ("**USD**") against Renminbi ("**RMB**").

Selling and distribution expenses

Selling and distribution expenses increased by approximately RMB13.2 million or approximately 17.1% to approximately RMB90.5 million for FY2023 as compared to FY2022. The increase was mainly due to increased business trips and customer meetings.

Administrative expenses

Details of administrative expenses are summarised below:

	FY2023		FY2022	
	RMB'000	*%*	*RMB'000*	*%*
Staff costs	**155,275**	**41.9%**	153,164	43.4%
Research and development expenses	**76,234**	**20.6%**	73,159	20.7%
Depreciation and amortisation	**28,561**	**7.7%**	19,476	5.5%
Legal and professional fees	**20,765**	**5.6%**	16,893	4.8%
Impairment of items of property, plant and equipment	**11,307**	**3.0%**	14,654	4.2%
Others	**78,652**	**21.2%**	75,719	21.4%
	370,794	**100.0%**	353,065	100.0%

Administrative expenses increased by approximately RMB17.7 million or approximately 5.0% from approximately RMB353.1 million for FY2022 to approximately RMB370.8 million for FY2023.

The increase in administrative expenses was the combined effects of the following:

i. there was a modest increase in staff costs by approximately RMB2.1 million for FY2023, which was the results of keeping head-count at a steady level by re-structuring of administrative departments;

ii. there was a slight increase in research and development ("**R&D**") expenses by approximately RMB3.1 million (by 4.2%) as the Group needs to maintain its technology competitiveness within the market and believes that investing in R&D for production automation and other new surfacing treatment technologies is the key to operating in a more efficient manner and providing new product solutions to our customers;

iii. there was an increase in the legal and professional expenses for FY2023, which mainly resulted from an one-time consultancy in relation to the Group's enterprise resource planning systems; and

iv. there were additional provisions of approximately RMB11.3 million recorded for the obsolete electroplating 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 40.8% from approximately RMB431.3 million for FY2022 to approximately RMB607.4 million for FY2023. Such increase was due to, among other things, the combined effects of the following factors:

i. the Group's revenue again posted a record peak with a growth of 7.6% or an increase of approximately RMB220.0 million for FY2023, the gross profit also increased from approximately RMB882.1 million for FY2022 to an all-time high figure of approximately RMB1,103.0 million for FY2023 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 17.1% for FY2023 as compared to FY2022;

iii. other income and gains increased by approximately 50.5% to approximately RMB120.8 million for FY2023, primarily due to the net exchange gains recorded as a result of the USD appreciation against RMB during the year;

iv. there was a slight increase in administrative expenses by approximately 5.0% to approximately RMB370.8 million for FY2023; and

v. income tax increased by approximately 68.1% for FY2023 due to the increase in taxable profits of certain subsidiaries.

Basic earnings per share attributable to owners of the Company for FY2023 increased by 41.9% as compared to last year and was approximately RMB61 cents (FY2022: approximately RMB43 cents).

Total comprehensive income

Total comprehensive income for FY2023 was RMB768.0 million (FY2022: RMB507.1 million), which comprised (a) profit for FY2023 of RMB604.7 million (FY2022: RMB428.5 million); and (b) other comprehensive income for FY2023 of RMB163.3 million (FY2022: RMB78.6 million) which included unrealised loss on fair value changes of listed equity investment at fair value through other comprehensive income of approximately RMB4.5 million (FY2022: RMB3.1 million).

Liquidity and financial resources

For FY2023, the Group's net cash inflow from operating activities amounted to approximately RMB897.6 million, as compared to approximately RMB449.3 million in FY2022. Such improvement in the Group's cash inflow was mainly due to the increase of the Group's gross profit as discussed above.

As at 31 December 2023, the Group had interest-bearing bank borrowings of RMB70.5 million, and the gearing ratio, being total bank borrowings divided by total equity, was 2.0% (31 December 2022: 5.0%).

Commitments

As at 31 December 2023, 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	184,547
Capital contributions to a joint venture company	31,201
	215,748

Interest rate and foreign exchange risks

As at 31 December 2023, the balance of bank borrowings of the Group was approximately RMB70.5 million which were at fixed interest rates.

The Group's cash and cash equivalents are mainly denominated in RMB, Euros ("**EUR**") and USD. As at 31 December 2023, the Group's cash and cash equivalents denominated in currencies other than the functional currencies amounted to approximately RMB507.2 million, of which approximately RMB468.0 million was denominated in USD, approximately RMB24.8 million was denominated in EUR, and approximately RMB10.9 million was denominated in HKD.

As a result of the constant increase in 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 2023, the Group had no contingent liabilities (31 December 2022: nil).

Mortgaged assets

To secure general banking facilities, two of the Group's subsidiaries in China pledged their land leases with a net carrying amount of approximately RMB13.4 million as at 31 December 2023.

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 FY2023, the Group's capital expenditure amounted to approximately RMB262.1 million (FY2022: approximately RMB167.2 million). The capital expenditure accommodated further investments in our new injection, and spray-painting and electroplating production facilities located in China and Mexico for the planned production capacity expansion to meet our customers' demands.

IMPORTANT EVENTS AFTER THE END OF FY2023

There are no important events affecting the Group which has occurred since the end of FY2023 and up to the date of this announcement.

Dividend

The Board recommends the payment of a final dividend of HK$0.25 per ordinary share ("**Share(s)**") for FY2023. Together with the interim dividend of HK$0.1 per Share paid, the effective dividend payout ratio was 53.6%, when calculated against the net profit of RMB604.7 million for FY2023.

EMPLOYEES

As at 31 December 2023, the Group had 5,227 employees (31 December 2022: 6,059 employees), among which, 4,319, 8, 18, 11 and 871 employees were based in China, Hong Kong, the US, Germany and Mexico, respectively. The remuneration of employees and staff costs for FY2023 were approximately RMB711.1 million (FY2022: RMB740.8 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 of the Company.

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 2023, 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 2022: 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 of Hong Kong Limited (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 FY2023.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the FY2023, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the listed securities of the Company.

PROPOSED FINAL DIVIDEND

The Board has recommended the payment of a final dividend of HK$0.25 per Share for FY2023 to the shareholders whose names appear on the register of members of the Company on 18 June 2024 (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 4 June 2024 (the "**2024 AGM**"), the Proposed Final Dividend is expected to be paid on or around 12 July 2024.

CLOSURE OF REGISTER OF MEMBERS FOR 2024 AGM

For the purpose of determining the rights to attend and vote at the 2024 AGM, the register of members of the Company will be closed from 30 May 2024 to 4 June 2024 (both days inclusive), during which period no transfer of Shares will be effected. In order to be entitled to attend and vote at the 2024 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 29 May 2024.

CLOSURE OF REGISTER OF MEMBERS FOR PROPOSED FINAL DIVIDEND

The payment of the Proposed Final Dividend is subject to the approval of the shareholders of the Company at the 2024 AGM. For the purpose of determining the entitlement to the Proposed Final Dividend, the register of members of the Company will be closed from 13 June 2024 to 18 June 2024 (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 12 June 2024.

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 of this announcement, the Company has maintained the public float as required by the Listing Rules.

CORPORATE GOVERNANCE

The Board monitored the corporate governance practices of the Company throughout FY2023.

The Company recognises the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of the shareholders of the Company 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 C1 to the Listing Rules for FY2023.

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 Issuers" (the "**Model Code**") set out in Appendix C3 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 FY2023. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management of the Group for FY2023.

AUDIT COMMITTEE

The Board has established the Audit Committee in compliance with Rule 3.21 of the Listing Rules. The Audit Committee has reviewed the consolidated financial statements of the Group for FY2023, 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 auditors of the Company, Ernst & Young, Certified Public Accountants of Hong Kong ("**Ernst & Young**").

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 FY2023 as set out in this announcement have been agreed by the Company's auditors, 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 FY2023 will be despatched 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, 26 March 2024

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.