

2024

INTERIM REPORT



Xin Point Holdings Limited
信邦控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1571

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive directors

Mr. Ma Xiaoming
Mr. Meng Jun
Mr. Zhang Yumin
Mr. Liu Jun
Mr. He Xiaolu
Mr. Jiang Wei

Independent non-executive directors

Mr. Tang Chi Wai
Mr. Gan Weimin
Prof. Cao Lixin

COMPANY SECRETARY

Mr. Au Wai Keung, *FCPA*

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

LEGAL ADVISOR

Chiu & Partners
40/F, Jardine House
1 Connaught Place
Central, Hong Kong

PRINCIPAL SHARE REGISTRAR

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman
KY1-1111
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1503, 15/F, Midas Plaza
1 Tai Yau Street, San Po Kong
Kowloon
Hong Kong

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

TICKER SYMBOL

Listed on The Stock Exchange of Hong Kong Limited
under the stock code 1571

WEBSITE

<http://www.xinpoint.com>

FINANCIAL HIGHLIGHTS

- Xin Point Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**” or “**Xin Point**”) maintained a resilient financial results for the first six months ended 30 June 2024 (“**1H 2024**” or the “**Reporting Period**”).
- The Group recorded an unaudited revenue of approximately RMB1,646.4 million for 1H 2024, representing an increase of approximately 8.6% compared to the same period of the previous year (six months ended 30 June 2023 (“**1H 2023**”): approximately RMB1,515.4 million).
- The Group recorded an unaudited profit attributable to the owners of the Company of approximately RMB322.2 million for 1H 2024, which was approximately 22.2% higher than that of the corresponding period in 2023 (1H 2023: approximately RMB263.7 million). The Group also recorded an increase in consolidated net profit in 1H 2024.
- The basic and diluted earnings per share for 1H 2024 were approximately RMB32.1 cents (1H 2023: RMB26.3 cents).
- Net cash flows from operations for 1H 2024 were approximately RMB420.8 million (1H 2023: approximately RMB476.3 million).
- The directors of the Company (the “**Directors**”) recommended the payment of an interim dividend of HK20.0 cents per share for 1H 2024 (1H 2023: HK10.0 cents).
- In this report, “we”, “us”, “our” and “Xin Point” refer to the Company and where the context otherwise requires, the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

Globally, automotive sales are forecast by the market generally to grow modestly in 2024 compared to 2023. Despite the slowdown in growth, sales volumes are expected to surpass 92 million units in 2024, the highest levels since 2018. Vehicle production is expected to decline slightly through 2024 due to a faster-than-expected inventory restocking and a more difficult consumer demand environment.

A market research firm estimated that 4.1 million new cars and trucks were sold in the second quarter of 2024 in the United States (the "US"), which was slightly higher than that in the second quarter of 2023. This is a marked slowdown from the 5 per cent growth in sales recorded in the first three months of 2024. In the first six months of 2024, 7.9 million new vehicles were sold, representing an increase of 3 per cent from the first half of last year. In the US, the sales "winners" through the first half of 2024 are expected to be General Motors, Toyota Motor, and Honda Motor, according to the market research firm. Underperformers for the first half of 2024 included Tesla, with sales estimated to be down by 14.3%, and Stellantis, which is forecast to be down by 16.5% through June 2024.

Automotive sales in Western Europe pulled back from their gains in the first quarter of 2024, slowing down in May, with declines in the major markets including France, Germany, Italy and Spain, whereas UK sales increased. Automotive sales in the Asia Pacific region are showing signs of rebound from the slower sales at the beginning of the year. Overall, the higher sales in Asia Pacific countries are partially offset by the lower sales in Europe.

Over the past half century, the global automotive industry has undergone significant transformations. It began with the emergence of Japanese production techniques in the 1970s, followed by the rise of Korean automakers. More recently, Tesla disrupted the industry. However, today, China has taken the lead. Chinese automakers are now setting the standard, selling vehicles for everyday use that are not only faster to market and cheaper to buy but also advanced in technology and design, while being more efficient to manufacture.

China's dominance is expected to continue. Their growth is being driven by cost advantages, localised production strategies and high-tech vehicles that cater to evolving consumer preferences. Traditional automakers must adapt to keep pace with this rapid shift in the industry landscape. By 2030, New Energy Vehicles ("NEVs") are predicted to account for nearly half of global vehicle sales, further emphasising the need for transformation and innovation in the automotive sector.

Electrification relies on global trade, but international trade is now facing intensified barriers. The US is pushing to scale up the supply chain of electric vehicles (the "EVs"). China's dominance in the EV sector has alarmed governments and caused them to take protective trade measures. In the US, President Joe Biden announced in May tariff hikes on imported Chinese goods, including EVs, batteries and selected rare earth metals. The US tariffs could also have repercussions elsewhere, such as in Europe. Europe has been investigating Chinese-exported EVs and a tariff hike could substantially affect both the European and Chinese markets.

BUSINESS REVIEW

In 1H 2024, it is reported that the strongest sales among Germany's top three premium original equipment manufacturers (the "OEMs"), BMW was the only brand to significantly boost battery-electric deliveries, while Mercedes-Benz and Porsche struggled with low demand.

BMW saw a 2.3% rise in total sales in the first half of the year to almost 1.1 million vehicles, with battery-electric sales surging 34% to a total of nearly 180,000 cars. Mercedes-Benz sold roughly half as many battery-electric cars at 93,400, representing a 17% drop from a year ago. Total sales by Mercedes-Benz core brand dropped 6% to 960,000. Porsche, which sells a lower volume of higher-priced cars, saw sales drop 7% to just 155,900 vehicles with a particularly steep drop of a third in China.

On the US side, General Motors reported that it sold nearly 700,000 cars and light trucks in the second quarter of 2024, representing an increase of less than 1 per cent from the corresponding period of last year. The company said it was its best performance since the fourth quarter of 2020 and sales in the first six months of 2024 totaled 1.3 million vehicles, down slightly from the corresponding period in 2023.

As demand for EVs decreased, demand for internal combustion engine vehicles (“ICE”) in North America increased. As Xin Point serves both EV and ICE customers, and as OEMs look to consolidate and seize opportunities for the coming years, despite rising interest rates, the global automotive industry is still gaining momentum, Xin Point has again achieved period-on-period revenue growth in 1H 2024. The total revenue of the Group further increased to approximately RMB1,646.4 million for 1H 2024, representing an increase of approximately 8.6% when compared with approximately RMB1,515.4 million for 1H 2023.

According to the Group’s disclosure in its 2023 annual report, the Group has strategically focused on spray painting/spray painting combined electro-plating products and assembly process, the total number of automotive components units sold in the Reporting Period continued to decrease by about 4.3 million units from approximately 193.5 million units in 1H 2023 to approximately 189.2 million units in 1H 2024, while the overall average selling price increased by 11.1% during the Reporting Period, see “Revenue” below for further analysis.

On the other hand, supported by the Group’s cost control and automation initiatives, Xin Point’s gross profit increased to approximately RMB614.8 million with a gross profit margin of 37.3% for 1H 2024 as compared to approximately RMB505.7 million (gross profit margin: 33.4%) for 1H 2023. The results demonstrate that Xin Point is operating under a robust financial platform, with strong margins and operating cash inflows.

ELECTROPLATING PRODUCTION CAPACITY AND UTILISATION RATE

During 1H 2024, there have been no changes in our electroplating production facilities and our annualised electroplating production capacity remained the same at approximately 3.6 million sq.m. as of 30 June 2024 (as of 31 December 2023: approximately 3.6 million sq.m.).

During 1H 2024, the installation of a new hexavalent chromium-free electroplating line with an annual production capacity of approximately 53,000 sq.m. was completed in our Jiujiang Production Base. As this new electroplating line is still under trial-run and did not generate any revenue during the Reporting Period, such production capacity is currently excluded from the above main electroplating facilities.

The utilisation rate of our electroplating production facilities was approximately 80.5% for 1H 2024 as compared with the utilisation rate of approximately 83.0% for 1H 2023, due to the fact that a new electroplating production line in Huizhou commenced operations by mid-2023.

PRODUCTION YIELD

The Group achieved a slight increase in the average production yield figure of approximately 93.9% for 1H 2024 when compared with the average production yield of approximately 93.5% for the year 2023.

ORDER BOOK

Our order book is still healthy, total backlog orders stood at approximately RMB10.5 billion as of 30 June 2024 up to the end of 2028, providing a solid foundation for our future business.

MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK

According to a recent forecast published by a global consulting firm, the automotive industry is poised for significant changes in the coming years. European automotive sales, in 2024, are expected to increase by 2%. The US automotive market is projected to grow by 3% in automotive sales in 2024. Meanwhile, China's automotive sales are expected to grow by a relatively modest 4.7% in 2024, reaching 26.7 million vehicles.

It is also noted that there will be a shift away trend from ICE vehicles: NEV sales are projected to surge by 32% globally in 2024. By 2030, NEVs are anticipated to capture a substantial 45% share of the market. These trends highlight the industry's transition toward cleaner and more sustainable mobility options. The increasing adoption of NEVs reflects a global commitment to reducing emissions and embracing innovative technologies.

Xin Point looks forward to continuing to leverage our expertise in electroplating and other surface treatment technologies to help our customers, especially our NEV partners, capture the potential opportunities and growths within the automotive industry and further grow our revenue by supplying the right components to our customers worldwide on time.

On the other hand, the 2024 US presidential election is set to be an extremely close contest. If Donald Trump were to win a second term, he might initiate sweeping policy changes across multiple fronts - with global ramifications, especially those impacts of a more protectionist US trade policy on the global landscape.

According to market statistics, American brands sold about 11.9 million units. Brands from China have made particular inroads in emerging economies, over 17.5 million new cars were sold by China in emerging economies in 2023. That is more than the total sales in the US or Europe last year.

Both EVs and ICE transports rely on global trade, but trade will face intensified barriers. The US is pushing to scale up the EV supply chain. But with abundant raw materials, low labour costs and production capacity, China will continue to be a major player within the global EV supply chain and end products. The country also has ambitious expansion plans in regions such as Europe and Latin America. China's dominance has alarmed governments and prompted them to take protective trade measures.

In 2024, Chinese OEMs now face increased trade headwinds: the US announced in May tariff hikes on imported Chinese goods, including EVs, batteries, and selected rare earth metals and more countries enacting measures to protect local industry from Chinese exports. The European Union ("EU") announced an increase in tariffs on Chinese EVs of up to 38%. That comes after the US quadrupled tariffs on Chinese EVs to 100%. Turkey also reportedly announced an additional 40% tariffs on vehicles from China, signaling that some emerging markets may follow suit. A tariff hike could substantially affect both the European and Chinese markets.

Also, automotive customers seem to believe that the next US presidential election will have an impact on the economy, interest rates and even inflation. With this level of uncertainty swirling around, many have adopted a wait-and-see mentality.

Xin Point is one of the suppliers within the automotive value chain and the global automotive business might also be hampered by high interest rates, political uncertainty and lower consumer demand, especially in the EV sector. We have been trying to minimise our costs by optimising operational processes and new technology research and development ("R&D") initiatives. Furthermore, Xin Point has taken further steps and diversified our production facilities to Mexico and, lately, Malaysia.

We expect the automotive industry may slow down in the run-up to the US presidential election, and even more so in the automotive industry as it is heavily linked to changes in environmental legislation and tax law. For the rest of 2024, a slowdown could be further exacerbated by macroeconomic and geopolitical headwinds, particularly continued high interest rates and the quest to economically source EV materials.

MANAGEMENT DISCUSSION AND ANALYSIS

We will take additional precautions in the slowing economy with high interest rates, particularly the rising uncertainty from the political climate, combining election policy implications and the US Federal Reserve policies. These uncertainties might have impacts on the automotive industry and international trade relationships. While Xin Point has emphasized operating with greater nimbleness, flexibility and adaptability, it is now crucial to move forward with a heightened sense of urgency and openness to new partnerships, operating principles and future developments.

REVENUE

Our revenue increased by approximately RMB131.0 million or approximately 8.6% to approximately RMB1,646.4 million for 1H 2024.

US light vehicle sales generally trended sideways over the past twelve months, and the supply side continues to build up. North American light vehicle production averaged 16.5 million (Seasonally Adjusted Annual Rate) for the three months ended May 2024, a near pre-pandemic level where there were 16.2 million vehicles produced in 2019, which helped the US seasonally adjusted light vehicle inventories rise in 27 of the past 28 months to the highest level since April 2020 and 77% of the 2019 average level, according to market statistics. Data from the Chinese Association of Automobile Manufacturers shows Chinese wholesales rose 6.1% year-on-year over the first half of 2024 and passenger vehicles were also up 6.3% while commercial vehicles climbed 4.9%.

Xin Point has been sailing for the past few quarters with forceful tailwinds generated by the improved US economic stimulus and the economic recovery from the pandemic, the Group's revenue generated from China recorded a continued increase to RMB574.1 million or 9.6% for 1H 2024 when compared to 1H 2023. Revenue from the North American market increased by approximately RMB62.8 million or approximately 8.6% as compared with 1H 2023. It is worth noting that the gross revenue for 1H 2024 from 'other geographical regions' increased 84.3% compared to the corresponding period of last year, as a result of the new revenue generated from an assembly programme that fully commenced operations during 2024 with a tier-one supplier located in Japan.

Xin Point also continued to record growth in average selling prices. The average selling price increased from RMB7.83 per unit in 1H 2023 to RMB8.70 per unit in 1H 2024, representing an increase of approximately 11%. We recorded an increase of the product average selling price of 10.8% within the US region. Such increase in the average selling prices proves that Xin Point has been successfully deploying its strategy of moving into more advanced assembly projects which involve more skillful and complicated processes than sole electroplating.

Revenue by geographic segment:

| | Six months ended 30 June 2024 | | Six months ended 30 June 2023 | |
|---------------|-------------------------------|-------------|-------------------------------|-------------|
| | RMB'000 (unaudited) | % | RMB'000 (unaudited) | % |
| China | 574,110 | 35% | 523,805 | 35% |
| North America | 794,335 | 48% | 731,487 | 48% |
| Europe | 198,138 | 12% | 216,778 | 14% |
| Others | 79,782 | 5% | 43,285 | 3% |
| | 1,646,365 | 100% | 1,515,355 | 100% |

MANAGEMENT DISCUSSION AND ANALYSIS

COST OF SALES

| | Six months ended 30 June 2024 | | Six months ended 30 June 2023 | |
|-------------------------|-------------------------------|---------------|-------------------------------|---------------|
| | RMB'000 (unaudited) | % | RMB'000 (unaudited) | % |
| Direct materials | 328,037 | 31.8% | 311,081 | 30.8% |
| Staff costs | 268,522 | 26.0% | 265,653 | 26.3% |
| Overheads | 435,025 | 42.2% | 432,918 | 42.9% |
| – Depreciation | 109,117 | 10.6% | 96,062 | 9.5% |
| – Mould cost | 66,985 | 6.5% | 57,868 | 5.7% |
| – Utilities | 79,878 | 7.7% | 87,666 | 8.7% |
| – Shipping and delivery | 44,129 | 4.3% | 49,195 | 4.9% |
| – Others | 134,916 | 13.1% | 142,127 | 14.1% |
| | 1,031,584 | 100.0% | 1,009,652 | 100.0% |

The cost of sales increased by approximately RMB21.9 million or approximately 2.2% from approximately RMB1,009.7 million for 1H 2023 to approximately RMB1,031.6 million for 1H 2024. Such increase was mainly due to the combined effects of the following:

- i. The resin market exhibited an upward pricing trend during the first half of 2024, driven primarily by increased demand and strategic inventory accumulation. The unexpected resilience of the US economy has kept US bond yields and the dollar high, boosting prices of industrial metals like copper, which led to a small increase in the proportion of raw material cost accounting for the cost of sales to 31.8% for the Reporting Period, whereas the ratio was 30.8% in the first half of 2023;
- ii. Our management is committed to implementing necessary measures to enhance staff efficiency and further automation processes. These efforts have significantly impacted our staff costs during the Reporting Period. Specifically, staff costs increased by only 1.1% for the first half of 2024, while our revenue increased by approximately 8.6%. Additionally, we maintained a relatively stable proportion of staff cost to cost of sales at 26.0%. These initiatives have effectively eased Xin Point's cost pressure in the first half of 2024; and
- iii. Overheads amounted to approximately RMB435.0 million for 1H 2024, representing an increase of approximately RMB2.1 million or approximately 0.5% from approximately RMB432.9 million for 1H 2023. The increase was mainly due to the combined effects of higher depreciation charge for 1H 2024 as the result of additional depreciation provided for our new production facilities located in Huizhou and Jiujian during the Reporting Period and decreases in utilities and logistics expenses when compared with the corresponding period in 2023 due to the installation of more efficient new production facilities and the freight level returned to a normal level.

GROSS PROFIT

Our Group continued to record an improved gross profit margin of 37.3% for the Reporting Period when compared with 33.4% in 1H 2023. The gross profit was approximately RMB614.8 million and approximately RMB505.7 million for 1H 2024 and 1H 2023 respectively, representing an increase of approximately 21.6%. The increase was due to the combined effects of the following:

- i. the Group recorded an increase in sales revenue of 8.6% for 1H 2024, on the other hand, cost of sales remained stable and only increased by approximately 2.2% as compared to 1H 2023. The Group benefited from the continuous cost and headcount controls and the Group was able to achieve an increase in its gross profit and improved gross profit margin for 1H 2024 as compared to 1H 2023; and
- ii. The operating results and efficiencies of our Mexico factory have further improved since 2024 and been steadily progressing and contributing positively to the Group's consolidated results.

OTHER INCOME AND GAINS

Other income and gains mainly represented bank interest income, exchange gains, income from sale of scraps and testing fee income. The decrease in other income and gains was due to the fact that an exchange loss of approximately RMB7.5 million was recorded (accounted for as administrative expenses, see below) arising from the fluctuation of Mexican Peso during the Reporting Period (1H 2023: exchange gain of approximately RMB44.3 million recognised as other income and gains from the appreciation of US\$ against RMB).

SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses increased by approximately RMB5.9 million or approximately 13.1% to approximately RMB51.0 million for 1H 2024 from approximately RMB45.1 million for 1H 2023. The increase was mainly due to the increase in bonus for our marketing team attributable to an increase in the Group's revenue as well as the fact that there were more local and overseas travelling and visits to our customers for sourcing new programs/businesses and promoting our products.

ADMINISTRATIVE EXPENSES

The table below summarises the components of our administrative expenses:

| | Six months ended 30 June 2024 | | Six months ended 30 June 2023 | |
|---|-------------------------------|---------------|-------------------------------|---------------|
| | RMB'000 (unaudited) | % | RMB'000 (unaudited) | % |
| Staff costs | 87,917 | 45.8% | 82,851 | 42.9% |
| Research and development expenses | 36,630 | 19.1% | 41,065 | 21.2% |
| Legal and professional fees | 12,971 | 6.8% | 11,366 | 5.9% |
| Depreciation and amortisation | 10,961 | 5.7% | 11,748 | 6.1% |
| Exchange losses | 7,547 | 3.9% | — | — |
| Impairment of property, plant and equipment | — | — | 7,722 | 4.0% |
| Others | 35,848 | 18.7% | 38,514 | 19.9% |
| | 191,874 | 100.0% | 193,266 | 100.0% |

MANAGEMENT DISCUSSION AND ANALYSIS

Administrative expenses decreased by approximately RMB1.4 million or by approximately 0.7% to approximately RMB191.9 million for 1H 2024 from approximately RMB193.3 million for 1H 2023. The decrease was primarily due to the combined effects of the following: (i) an increase in the staff costs of approximately RMB5.1 million or 6.1% in relation to retention of administrative staff (bonus and salary increases) for improved profitability of the Group; (ii) a slight decrease in R&D expenses of approximately RMB4.4 million due to R&D project cycles; (iii) no provision was made for obsolete electroplating production lines for the Reporting Period; and (iv) the Group incurred net exchange losses of approximately RMB7.5 million for 1H 2024 whereas net exchange gains (accounted for as other income and gains, see above) were recorded in the corresponding period of last year.

PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

Profit attributable to owners of the Company for the Reporting Period increased by around 22.2% from approximately RMB263.7 million for 1H 2023 to approximately RMB322.2 million for 1H 2024. The increase was due to the combined effects of the following:

- i. An increase of approximately 8.6% in our revenue for 1H 2024 compared to 1H 2023. Xin Point achieved continuous growth in revenue from the sale of automotive decorative components within the North American and China regions, and there were also increases in revenue from Japan area during 1H 2024;
- ii. An increase in our gross profit from approximately RMB505.7 million for 1H 2023 to approximately RMB614.8 million for 1H 2024, as a result of the increase in the Group's revenue and improved operating efficiencies;
- iii. Decrease in other income and gains as there were no net exchange gains recorded during 1H 2024;
- iv. Slight decreases in the administrative expenses during 1H 2024 as discussed above; and
- v. Withholding tax amounting to RMB20.0 million in respect of one of the Group's wholly owned PRC subsidiaries making dividend payments to its shareholder (which is also the Group's overseas subsidiary) during 1H 2024 while there were no such dividend payments made for the corresponding period in 2023,

Overall, basic earnings per share attributable to owners of the Company for 1H 2024 was approximately RMB32.1 cents, increased by 22.1% compared to that in 1H 2023 (1H 2023: approximately RMB26.3 cents).

TOTAL COMPREHENSIVE INCOME

Total comprehensive income for the Reporting Period attributable to owners of the Company was approximately RMB285.3 million (1H 2023: approximately RMB442.4 million), which comprised (a) profit for the Reporting Period attributable to owners of the Company of approximately RMB322.2 million (1H 2023: RMB263.7 million); and (b) other comprehensive loss for the Reporting Period attributable to owners of the Company of approximately RMB36.9 million (1H 2023: comprehensive gain of approximately RMB178.7 million) which included unrealised loss on fair value changes of listed equity investment at fair value through other comprehensive income of approximately RMB1.2 million (1H 2023: loss of approximately RMB3.6 million).

LIQUIDITY AND FINANCIAL RESOURCES

For the Reporting Period, the Group's net cash inflow from operating activities amounted to approximately RMB420.8 million, as compared to approximately RMB476.3 million in 1H 2023.

The bank borrowing of approximately RMB62.3 million as at 30 June 2024 relates to a working capital loan incurred by the Company (31 December 2023: approximately RMB70.5 million).

As at 30 June 2024, the gearing ratio, being total bank borrowing divided by total equity, decreased to 1.8% (as at 31 December 2023: 2.0%).

The annual interest rate of bank borrowing during 1H 2024 was 1.8% (1H 2023: 1.8%-6.7%).

INTERIM DIVIDEND

The board of Directors (the "**Board**") resolved to pay an interim dividend of HK\$0.2 per share of the Company ("**Share(s)**") for 1H 2024 (1H 2023: HK\$0.1 per Share).

The interim dividend will be distributed on or around 25 October 2024 to shareholders of the Company (the "**Shareholders**") whose names appear on the register of members of the Company as at the close of business on 4 October 2024.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 30 September 2024 to 4 October 2024, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for the interim dividend expected to be paid on or around 25 October 2024, all transfers of Shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share register in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on 27 September 2024.

SHARE OPTION SCHEME

A share option scheme (the "**2017 Share Option Scheme**") was adopted by written resolutions passed by the then Shareholders on 5 June 2017. Under the 2017 Share Option Scheme, the Directors may grant options to subscribe for the Shares to eligible participants, including without limitation, employees of the Group, directors of the Company and its subsidiaries.

MANAGEMENT DISCUSSION AND ANALYSIS

Details of the outstanding share options and the movement in the share options granted under the 2017 Share Option Scheme during 1H 2024 are set out below:

| | Outstanding options as at 1 January 2024 | Options granted during the Reporting Period | Options exercised during the Reporting Period | Options lapsed or cancelled during the Reporting Period (Note 1) | Outstanding options as at 30 June 2024 (Note 2) | Date of grant | Exercise price (HK\$ per share) | Exercise period | Vesting period |
|------------------|--|---|---|--|---|----------------|---------------------------------|---|----------------|
| Directors | | | | | | | | | |
| Mr. Ma Xiaoming | 128,000 | — | — | — | 128,000 | 14 August 2018 | 3.45 | from the respective vesting dates to 13 August 2028 | Note 3 |
| Mr. Meng Jun | 102,000 | — | — | — | 102,000 | 14 August 2018 | 3.45 | from the respective vesting dates to 13 August 2028 | Note 3 |
| Mr. Zhang Yumin | 107,000 | — | — | — | 107,000 | 14 August 2018 | 3.45 | from the respective vesting dates to 13 August 2028 | Note 3 |
| Mr. Liu Jun | 107,000 | — | — | — | 107,000 | 14 August 2018 | 3.45 | from the respective vesting dates to 13 August 2028 | Note 3 |
| Mr. He Xiaolu | 96,000 | — | — | — | 96,000 | 14 August 2018 | 3.45 | from the respective vesting dates to 13 August 2028 | Note 3 |
| Mr. Jiang Wei | 38,000 | — | — | — | 38,000 | 14 August 2018 | 3.45 | from the respective vesting dates to 13 August 2028 | Note 3 |
| Employees | 12,040,000 | — | — | (288,000) | 11,750,000 | 14 August 2018 | 3.45 | from the respective vesting dates to 13 August 2028 | Note 3 |
| Total | <u>12,618,000</u> | <u>—</u> | <u>—</u> | <u>(288,000)</u> | <u>12,330,000</u> | | | | |

Notes:

- During 1H 2024, 288,000 share options lapsed and no share options were cancelled.
- During 1H 2024, 4,941,600 share options were vested. As at 30 June 2024, there were a total of 12,330,000 share options, of which all of the share options were vested.
- Subject to individual annual performance target(s) and operational performance target(s) of the Group, the share options were vested in three tranches: 30% of the share options were vested on 26 April 2022; 30% of the share options were vested on 24 April 2023; and 40% of the share options were vested on 29 April 2024. The vesting period of the share options shall be from the date of grant to their respective vesting dates.
- As at 1 January 2024 and 30 June 2024, the total numbers of share options available for grant under the 2017 Share Option Scheme were 87,382,000 and 87,670,000 respectively.
- The total number of Shares that may be issued in respect of options and awards granted under all schemes of the Company during the six months ended 30 June 2024 divided by the weighted average number of Shares in issue for the six months ended 30 June 2024 was nil.

CAPITAL STRUCTURE

As at 30 June 2024, the issued share capital of the Company 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 2023: approximately RMB87.5 million).

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

During the Reporting Period, the principal capital expenditures of the Group were attributable to the additions of equipment at its existing production facilities. As part of the Group's future strategies, the Group's planned capital expenditures for its business operations will be primarily related to the construction and commencement of operations of its new production facilities. The Group anticipates that its capital expenditures will be financed by cash generated from its operations and bank borrowing.

There are no other plans for material investments on capital assets as at the date of this report.

SIGNIFICANT INVESTMENTS

During the Reporting Period, the Group did not hold any significant investments.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the Reporting Period, the Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures.

PLEDGE OF ASSETS

As at 30 June 2024, certain right-of-use assets with a net book value in aggregate of approximately RMB13.3 million were pledged to financial institutions to secure general banking facilities (31 December 2023: RMB13.4 million).

EXPOSURE TO FOREIGN EXCHANGE RISK

Certain assets of the Group are denominated in foreign currencies such as US dollars, Euros and Hong Kong dollars. The Group has not implemented any foreign currency hedging policy at the moment. However, continuous monitoring on the exposure to foreign exchange risk is being carried out by the management.

TREASURY POLICIES

The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce exposure to credit risk by performing ongoing credit evaluation of the financial conditions of its clients.

To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

There are no important events affecting the Group which have occurred since the end of the Reporting Period and up to the date of this report.

CAPITAL COMMITMENT AND CONTINGENT LIABILITIES

Capital commitments of the Group as at 30 June 2024 and 31 December 2023 were approximately RMB249.3 million and approximately RMB215.7 million, respectively, which were both attributable to the construction and acquisition of our new production bases and facilities. The Group did not have any significant contingent liabilities as at 30 June 2024 and 31 December 2023 respectively.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

| | Notes | Six months ended 30 June | |
|---|-------|--------------------------------|--------------------------------|
| | | 2024 RMB'000 (Unaudited) | 2023 RMB'000 (Unaudited) |
| REVENUE | 3 | 1,646,365 | 1,515,355 |
| Cost of sales | | (1,031,584) | (1,009,652) |
| Gross profit | | 614,781 | 505,703 |
| Other income and gains | | 38,525 | 60,041 |
| Selling and distribution expenses | | (50,966) | (45,055) |
| Administrative expenses | | (191,874) | (193,266) |
| Finance costs | | (2,732) | (5,284) |
| Share of profit of an associate | | 707 | 179 |
| Share of loss of a joint venture | | (3,005) | (2,264) |
| PROFIT BEFORE TAX | 4 | 405,436 | 320,054 |
| Income tax expense | 5 | (84,304) | (57,704) |
| PROFIT FOR THE PERIOD | | 321,132 | 262,350 |
| Attributable to: | | | |
| Owners of the parent | | 322,155 | 263,674 |
| Non-controlling interests | | (1,023) | (1,324) |
| | | 321,132 | 262,350 |
| 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 | | (35,667) | 182,358 |
| 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 | | (1,190) | (3,623) |
| OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD | | (36,857) | 178,735 |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | | 284,275 | 441,085 |
| Attributable to: | | | |
| Owners of the parent | | 285,298 | 442,409 |
| Non-controlling interests | | (1,023) | (1,324) |
| | | 284,275 | 441,085 |
| EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT | | | |
| Basic and diluted | 7 | RMB32.1 cents | RMB26.3 cents |

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2024

| | Notes | As at 30 June 2024 RMB'000 (Unaudited) | As at 31 December 2023 RMB'000 (Audited) |
|--|-------|--|--|
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 10 | 1,657,343 | 1,722,959 |
| Right-of-use assets | | 115,625 | 129,394 |
| Goodwill | | — | — |
| Intangible asset | | — | — |
| Investment in an associate | | 8,337 | 7,630 |
| Investment in a joint venture | | 1,049 | 295 |
| Financial asset at fair value through other comprehensive income | | 2,640 | 3,753 |
| Prepayments and deposits | | 233,896 | 272,446 |
| Deferred tax assets | | 6,682 | 4,504 |
| Total non-current assets | | 2,025,572 | 2,140,981 |
| CURRENT ASSETS | | | |
| Inventories | | 636,607 | 598,254 |
| Trade and bills receivables | 8 | 798,236 | 761,835 |
| Prepayments, deposits and other receivables | | 260,957 | 262,195 |
| Tax recoverable | | 24,469 | 1,889 |
| Cash and cash equivalents | | 978,016 | 667,162 |
| Total current assets | | 2,698,285 | 2,291,335 |
| CURRENT LIABILITIES | | | |
| Trade payables | 9 | 402,194 | 397,653 |
| Other payables and accruals | | 261,963 | 268,479 |
| Interest-bearing bank borrowing | | 62,276 | — |
| Lease liabilities | | 29,987 | 29,455 |
| Tax payable | | 154,833 | 123,828 |
| Dividend payable | | 233,364 | — |
| Total current liabilities | | 1,144,617 | 819,415 |
| NET CURRENT ASSETS | | 1,553,668 | 1,471,920 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 3,579,240 | 3,612,901 |

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2024

| | Notes | As at 30 June 2024 RMB'000 (Unaudited) | As at 31 December 2023 RMB'000 (Audited) |
|---|-------|--|--|
| NON-CURRENT LIABILITIES | | | |
| Interest-bearing bank borrowing | | — | 70,533 |
| Deferred tax liabilities | | 34 | 39 |
| Lease liabilities | | 53,037 | 67,071 |
| Total non-current liabilities | | 53,071 | 137,643 |
| Net assets | | 3,526,169 | 3,472,258 |
| EQUITY | | | |
| Equity attributable to owners of the parent | | | |
| Issued capital | 11 | 87,485 | 87,485 |
| Reserves | | 3,444,205 | 3,392,271 |
| | | 3,531,690 | 3,479,756 |
| Non-controlling interests | | (5,521) | (4,498) |
| Total equity | | 3,526,169 | 3,472,258 |

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

| | Attributable to owners of the parent | | | | | | | | | | | |
|---|--------------------------------------|---------------------------|---------------------------------|---|----------------------------|---------------------------|---|----------------------------|-----------------------------|------------------|--------------------------------------|-------------------------|
| | Note | Issued capital RMB'000 | Share option reserve RMB'000 | Fair value reserve of a financial asset at fair value through other comprehensive income RMB'000 | Capital reserve RMB'000 | Merger reserve RMB'000 | Exchange fluctuation reserve RMB'000 | Surplus reserve RMB'000 | Retained profits RMB'000 | Total RMB'000 | Non-controlling interests RMB'000 | Total equity RMB'000 |
| | | | | | | | | | | | | |
| At 1 January 2024 | | 87,485 | 23,293 | (38,051) | 577,892 | 828 | 169,308 | 181,431 | 2,477,570 | 3,479,756 | (4,498) | 3,475,258 |
| Profit for the period | | — | — | — | — | — | — | — | 322,155 | 322,155 | (1,023) | 321,132 |
| Other comprehensive loss for the period: | | | | | | | | | | | | |
| Changes in fair value of a financial asset at fair value through other comprehensive income | | — | — | (1,190) | — | — | — | — | — | (1,190) | — | (1,190) |
| Exchange differences on translation of foreign operations | | — | — | — | — | — | (35,667) | — | — | (35,667) | — | (35,667) |
| Total comprehensive income for the period | | — | — | (1,190) | — | — | (35,667) | — | 322,155 | 285,298 | (1,023) | 284,275 |
| Final 2023 dividend | 6 | — | — | — | — | — | — | — | (233,364) | (233,364) | — | (233,364) |
| Transfer of share option reserve upon the forfeiture of share options | | — | (2,061) | — | — | — | — | — | 2,061 | — | — | — |
| At 30 June 2024 (unaudited) | | <u>87,485</u> | <u>21,232</u> | <u>(39,241)</u> | <u>577,892</u> | <u>828</u> | <u>133,641</u> | <u>181,431</u> | <u>2,568,422</u> | <u>3,531,690</u> | <u>(5,521)</u> | <u>3,526,169</u> |

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

| | Note | Attributable to owners of the parent | | | | | | | | | | Total equity RMB'000 |
|---|------|--------------------------------------|---------------------------------|---|----------------------------|---------------------------|---|----------------------------|-----------------------------|------------------|--------------------------------------|-------------------------|
| | | Issued capital RMB'000 | Share option reserve RMB'000 | Fair value reserve of a financial asset at fair value through other comprehensive income RMB'000 | Capital reserve RMB'000 | Merger reserve RMB'000 | Exchange fluctuation reserve RMB'000 | Surplus reserve RMB'000 | Retained profits RMB'000 | Total RMB'000 | Non-controlling interests RMB'000 | |
| | | | | | | | | | | | | |
| At 1 January 2023 | | 87,485 | 20,946 | (33,505) | 577,892 | 828 | 1,510 | 153,681 | 2,111,785 | 2,920,622 | (1,821) | 2,918,801 |
| Profit for the period | | — | — | — | — | — | — | — | 263,674 | 263,674 | (1,324) | 262,350 |
| Other comprehensive income for the period: | | | | | | | | | | | | |
| Changes in fair value of a financial asset at fair value through other comprehensive income | | — | — | (3,623) | — | — | — | — | — | (3,623) | — | (3,623) |
| Exchange differences on translation of foreign operations | | — | — | — | — | — | 182,358 | — | — | 182,358 | — | 182,358 |
| Total comprehensive income for the period | | — | — | (3,623) | — | — | 182,358 | — | 263,674 | 442,409 | (1,324) | 441,085 |
| Final 2022 dividend | 6 | — | — | — | — | — | — | — | (129,965) | (129,965) | — | (129,965) |
| At 30 June 2023 (unaudited) | | 87,485 | 20,946 | (37,128) | 577,892 | 828 | 183,868 | 153,681 | 2,245,494 | 3,233,066 | (3,145) | 3,229,921 |

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

| | Six months ended 30 June | |
|--|--------------------------------|--------------------------------|
| | 2024 RMB'000 (Unaudited) | 2023 RMB'000 (Unaudited) |
| Net cash flows from operating activities | 420,768 | 476,315 |
| Purchases of items of property, plant and equipment | (81,050) | (109,664) |
| Deposits paid for purchase of items of property, plant and equipment | (24,297) | (59,008) |
| Proceeds from disposal of items of property, plant and equipment | 12,072 | 2,233 |
| Investment in a joint venture | (3,759) | (2,450) |
| Net cash flows used in investing activities | (97,034) | (168,889) |
| Repayment of bank loans | (7,800) | — |
| Interest paid | (644) | (2,457) |
| Principal portion of lease payments | (15,432) | (15,826) |
| Net cash flows used in financing activities | (23,876) | (18,283) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 299,858 | 289,143 |
| Cash and cash equivalents at beginning of period | 667,162 | 341,535 |
| Effect of foreign exchange rate changes, net | 10,996 | 10,347 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | 978,016 | 641,025 |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

1. CORPORATE INFORMATION

Xin Point Holdings Limited (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 Reporting Period, the Company and its subsidiaries (collectively referred to as the “**Group**”) were principally engaged in the manufacture and sale of automotive and electronic components.

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2023.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) for the first time for the current period’s financial information.

Amendments to HKFRS 16
Amendment to HKAS 1

Lease Liability in a Sale and Leaseback
Classification of Liabilities as Current or Non-current
(the “**2020 Amendments**”)

Amendments to HKAS 1
Amendments to HKAS 7
and HKFRS 7

Non-current Liabilities with Covenants (the “**2022 Amendments**”)
Supplier Finance Arrangements

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

The nature and impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the interim condensed consolidated financial information.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

3. REVENUE

An analysis of revenue is as follows:

| | Six months ended 30 June | |
|--|--------------------------------|--------------------------------|
| | 2024 RMB'000 (Unaudited) | 2023 RMB'000 (Unaudited) |
| Revenue from contracts with customers | | |
| Sale of automotive decorative components | 1,646,365 | 1,515,355 |

Disaggregated revenue information for revenue from contracts with customers

| | Six months ended 30 June | |
|--|--------------------------------|--------------------------------|
| | 2024 RMB'000 (Unaudited) | 2023 RMB'000 (Unaudited) |
| Type of goods | | |
| Sale of goods | 1,646,365 | 1,515,355 |
| Total | 1,646,365 | 1,515,355 |
| Geographical markets | | |
| China | 574,110 | 523,805 |
| North America | 794,335 | 731,487 |
| Europe | 198,138 | 216,778 |
| Other countries | 79,782 | 43,285 |
| Total | 1,646,365 | 1,515,355 |
| Timing of revenue recognition | | |
| Goods transferred at a point in time | 1,646,365 | 1,515,355 |
| Total | 1,646,365 | 1,515,355 |
| Revenue from contracts with customers | | |
| External customers | 1,646,365 | 1,515,355 |
| Total | 1,646,365 | 1,515,355 |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

4. PROFIT BEFORE TAX

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

| | Six months ended 30 June | |
|---|--------------------------------|--------------------------------|
| | 2024 RMB'000 (Unaudited) | 2023 RMB'000 (Unaudited) |
| Cost of inventories sold | 1,031,584 | 1,009,652 |
| Depreciation of property, plant and equipment | 105,726 | 91,754 |
| Depreciation of right-of-use assets | 15,692 | 16,891 |
| Impairment of trade and bills receivables | 2,597 | 7,206 |
| Impairment of items of property, plant and equipment | — | 7,722 |
| Write-down of inventories to net realisable value | 551 | 390 |
| Loss/(gain) on disposal of items of property, plant and equipment, net* | (5,167) | 3,177 |
| Foreign exchange differences, net* | 7,547 | (44,313) |

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

5. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the period, 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 (six months ended 30 June 2023: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (six months ended 30 June 2023: 8.25%) and the remaining assessable profits are taxed at 16.5% (six months ended 30 June 2023: 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 which qualified as High and New Technology Enterprise in Mainland China and a lower corporate income tax rate of 15% (six months ended 30 June 2023: 15%) has been applied for the period.

| | Six months ended 30 June | |
|---------------------------------|--------------------------------|--------------------------------|
| | 2024 RMB'000 (Unaudited) | 2023 RMB'000 (Unaudited) |
| Current: | | |
| Charge for the period | | |
| Hong Kong | 24,969 | 23,480 |
| Elsewhere | 62,493 | 37,779 |
| Overprovision in prior years | (975) | (1,626) |
| Deferred | (2,183) | (1,929) |
| Total tax charge for the period | 84,304 | 57,704 |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

6. DIVIDENDS

| | Six months ended 30 June | |
|---|--------------------------------|--------------------------------|
| | 2024 RMB'000 (Unaudited) | 2023 RMB'000 (Unaudited) |
| 2023 final dividend declared - HK\$0.25 (2022 final dividend declared: HK\$0.14) per ordinary share | 233,364 | 129,965 |

On 22 August 2024, the board of directors declared an interim dividend of HK\$0.20 (six months ended 30 June 2023: HK\$0.10) per ordinary share, amounting to a total of approximately RMB183,514,000 (six months ended 30 June 2023: RMB93,611,000).

7. 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 six months ended 30 June 2024 and 2023 respectively.

| | Six months ended 30 June | |
|---|--------------------------------|--------------------------------|
| | 2024 RMB'000 (Unaudited) | 2023 RMB'000 (Unaudited) |
| Profit for the period attributable to the ordinary equity holders of the parent for the purpose of basic and diluted earnings per share calculation | 322,155 | 263,674 |
| | Number of shares | Number of shares |
| Weighted average number of ordinary shares in issue during the period used in the basic and diluted earnings per share calculation | 1,002,905,000 | 1,002,905,000 |

No adjustment has been made to the basic earnings per share amounts presented for the six months ended 30 June 2024 and 2023 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

8. TRADE AND BILLS RECEIVABLES

An ageing analysis of the trade and bills receivables as at the end of each reporting period, based on the invoice date and net of provision, is as follows:

| | 30 June 2024 RMB'000 (Unaudited) | 31 December 2023 RMB'000 (Audited) |
|----------------|---|---|
| Within 1 month | 430,394 | 323,873 |
| 1 to 2 months | 215,196 | 262,341 |
| 2 to 3 months | 113,977 | 113,013 |
| Over 3 months | 38,669 | 62,608 |
| | 798,236 | 761,835 |

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. In view of the aforementioned and the fact that the Group's trade and bills receivables relate to a large number of customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade and bills receivable balances. Trade and bills receivables are non-interest-bearing.

9. TRADE PAYABLES

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

| | 30 June 2024 RMB'000 (Unaudited) | 31 December 2023 RMB'000 (Audited) |
|----------------|---|---|
| Within 1 month | 233,160 | 204,974 |
| 1 to 2 months | 41,893 | 67,670 |
| 2 to 3 months | 36,481 | 18,029 |
| Over 3 months | 90,660 | 106,980 |
| | 402,194 | 397,653 |

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

Included in trade payables is an amount due to an associate of RMB6,370,000 (31 December 2023: RMB220,000), which is unsecured, interest-free and repayable on demand.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group acquired items of property, plant and equipment at costs of RMB91,465,000 (six months ended 30 June 2023: RMB109,664,000).

Items of property, plant and equipment with an aggregate net book value of RMB6,905,000 (six months ended 30 June 2023: RMB5,410,000) were disposed of by the Group during the six months ended 30 June 2024.

In addition, there was no impairment for items of property, plant and equipment (six months ended 30 June 2023: RMB7,722,000) for the six months ended 30 June 2024.

11. ISSUED CAPITAL

| | Number of shares | Nominal value of ordinary shares in HK\$'000 | Nominal value of ordinary shares in RMB'000 |
|--------------------------------------|------------------------------|--|---|
| Authorised: | | | |
| At 30 June 2024 and 31 December 2023 | 20,000,000,000 | 2,000,000 | 1,737,619 |
| | | | |
| | Number of shares in issue | Share capital RMB'000 | |
| Issued and fully paid: | | | |
| At 30 June 2024 and 31 December 2023 | | 1,002,905,000 | 87,485 |

12. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

| | 30 June 2024 RMB'000 (Unaudited) | 31 December 2023 RMB'000 (Audited) |
|--|---|---|
| Contracted but not provided for: | | |
| Plant and equipment | 218,115 | 184,547 |
| Capital contributions to a joint venture | 31,201 | 31,201 |
| | 249,316 | 215,748 |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

13. RELATED PARTY TRANSACTIONS

(a) The Group had the following transactions with a related party during the period:

| | Notes | Six months ended 30 June | |
|---|-----------|--------------------------------|--------------------------------|
| | | 2024 RMB'000 (Unaudited) | 2023 RMB'000 (Unaudited) |
| Purchase of tooling: | | | |
| Wuxi JingXing Precision Mould Company Limited | (i), (ii) | 9,623 | 6,211 |

Notes:

- (i) The transactions were conducted in accordance with the terms and conditions mutually agreed by both parties.
- (ii) Wuxi JingXing Precision Mould Company Limited is an associate of the Group.

(b) Compensation of key management personnel of the Group:

| | Six months ended 30 June | |
|---|--------------------------------|--------------------------------|
| | 2024 RMB'000 (Unaudited) | 2023 RMB'000 (Unaudited) |
| Short term employee benefits | 12,610 | 12,102 |
| Post-employment benefits | 254 | 226 |
| Total compensation paid to key management personnel | 12,864 | 12,328 |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

14. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the reporting periods are as follows:

As at 30 June 2024

Financial assets

| | Financial asset at fair value through other comprehensive income | Financial assets at amortised cost | Total |
|---|--|--|------------------------|
| | Equity investment RMB'000 (Unaudited) | RMB'000 (Unaudited) | RMB'000 (Unaudited) |
| Trade and bills receivables | — | 798,236 | 798,236 |
| Financial assets included in prepayments, deposits and other receivables | — | 18,354 | 18,354 |
| Financial asset at fair value through other comprehensive income | 2,640 | — | 2,640 |
| Cash and cash equivalents | — | 978,016 | 978,016 |
| | 2,640 | 1,794,606 | 1,797,246 |

Financial liabilities

| | Financial liabilities at amortised cost RMB'000 (Unaudited) |
|---|--|
| Trade payables | 402,194 |
| Financial liabilities included in other payables and accruals | 27,022 |
| Interest-bearing bank borrowing | 62,276 |
| Lease liabilities | 83,024 |
| Dividend payable | 233,364 |
| | 807,880 |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

14. FINANCIAL INSTRUMENTS BY CATEGORY *(continued)*

As at 31 December 2023

Financial assets

| | Financial asset at fair value through other comprehensive income | Financial assets at amortised cost | Total |
|---|--|--|----------------------|
| | Equity investment RMB'000 (Audited) | RMB'000 (Audited) | RMB'000 (Audited) |
| Trade and bills receivables | — | 761,835 | 761,835 |
| Financial assets included in prepayments, deposits and other receivables | — | 24,109 | 24,109 |
| Financial asset at fair value through other comprehensive income | 3,753 | — | 3,753 |
| Cash and cash equivalents | — | 667,162 | 667,162 |
| | <u>3,753</u> | <u>1,453,106</u> | <u>1,456,859</u> |

Financial liabilities

| | Financial liabilities at amortised cost RMB'000 (Audited) |
|---|---|
| Trade payables | 397,653 |
| Financial liabilities included in other payables and accruals | 42,930 |
| Interest-bearing bank borrowing | 70,533 |
| Lease liabilities | 96,526 |
| | <u>607,642</u> |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

15. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

| | Carrying amounts | | Fair values | |
|---|---|---|---|---|
| | 30 June 2024 RMB'000 (Unaudited) | 31 December 2023 RMB'000 (Audited) | 30 June 2024 RMB'000 (Unaudited) | 31 December 2023 RMB'000 (Audited) |
| Financial asset | | | | |
| Financial asset at fair value through other comprehensive income | 2,640 | 3,753 | 2,640 | 3,753 |
| Financial liability | | | | |
| Interest-bearing bank borrowing | 62,276 | 70,533 | 62,276 | 70,533 |

Management has assessed that the fair values of cash and cash equivalents, trade and bills receivables, trade payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, and dividend payable approximate to their carrying amounts were largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included in the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair value of a financial asset at fair value through other comprehensive income is based on quoted market prices.

The fair values of other financial assets and financial liabilities carried at amortised cost are approximated to their carrying amounts.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

15. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 30 June 2024

| | Fair value measurement using | | | Total RMB'000 (Unaudited) |
|---|--|--|--|---------------------------------|
| | Quoted prices in active markets (Level 1) RMB'000 (Unaudited) | Significant observable inputs (Level 2) RMB'000 (Unaudited) | Significant unobservable inputs (Level 3) RMB'000 (Unaudited) | |
| Financial asset at fair value through other comprehensive income | 2,640 | — | — | 2,640 |

As at 31 December 2023

| | Fair value measurement using | | | Total RMB'000 (Audited) |
|---|--|--|--|-------------------------------|
| | Quoted prices in active markets (Level 1) RMB'000 (Audited) | Significant observable inputs (Level 2) RMB'000 (Audited) | Significant unobservable inputs (Level 3) RMB'000 (Audited) | |
| Financial asset at fair value through other comprehensive income | 3,753 | — | — | 3,753 |

During the six months ended 30 June 2024, there were no transfers of fair value measurement between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (31 December 2023: Nil).

16. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved and authorised for issue by the board of directors on 22 August 2024.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2024, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or any of the associated corporations, within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"), which (a) were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") are as follows:

Long positions in the Shares and underlying Shares:

| Name of Directors | Capacity and nature of interest | Total number of Shares and underlying Shares | Approximate percentage of the total issued share capital of the Company (%) |
|----------------------------|------------------------------------|--|---|
| Mr. Ma Xiaoming ("Mr. Ma") | Interest of controlled corporation | 736,186,750 (Note 1) | |
| | Beneficial owner | 6,635,000 (Note 2) | |
| | Total | 742,821,750 | 74.07 |
| Mr. Meng Jun | Beneficial owner | 482,000 (Note 3) | 0.05 |
| Mr. Zhang Yumin | Beneficial owner | 507,000 (Note 4) | 0.05 |
| Mr. Liu Jun | Beneficial owner | 107,000 (Note 5) | 0.01 |
| Mr. He Xiaolu | Beneficial owner | 96,000 (Note 5) | 0.01 |
| Mr. Jiang Wei | Beneficial owner | 38,000 (Note 5) | 0.01 |

Long positions in the shares of associated corporation:

| Name of Director | Name of associated corporation | Percentage of interest (%) |
|------------------|---|----------------------------|
| Mr. Ma | Green Pinnacle Holdings Limited ("Green Pinnacle") (Note 1) | 100 |

Notes:

- The 736,186,750 Shares are beneficially held by Green Pinnacle which is wholly owned by Mealth (PTC) Limited ("Mealth PTC"). Both Green Pinnacle and the Shares owned by it form part of the trust assets of the Mealth Discretionary Trust, which was established by Mr. Ma as settlor and whose trustee is Mealth PTC. The Mealth Discretionary Trust is a discretionary trust and its discretionary objects include Mr. Ma, Mr. Ma's family members, certain Directors, namely, Mr. He Xiaolu, Mr. Meng Jun, Mr. Liu Jun and Mr. Zhang Yumin and the other beneficiaries. By virtue of the SFO, Mr. Ma is deemed to be interested in the 736,186,750 Shares and the shares in Green Pinnacle held by Mealth PTC in his capacity of settlor of the Mealth Discretionary Trust.
- Among the 6,635,000 Shares and underlying Shares, 6,507,000 Shares are beneficially held by Mr. Ma. The remaining 128,000 underlying Shares represent the maximum number of Shares which may be allotted and issued to Mr. Ma upon the exercise of the share options granted to him under the 2017 Share Option Scheme.
- Among the 482,000 Shares and underlying Shares, 380,000 Shares are beneficially held by Mr. Meng Jun. The remaining 102,000 underlying Shares represent the maximum number of Shares which may be allotted and issued to Mr. Meng Jun upon the exercise of the share options granted to him under the 2017 Share Option Scheme.
- Among the 507,000 Shares and underlying Shares, 400,000 Shares are beneficially held by Mr. Zhang Yumin. The remaining 107,000 underlying Shares represent the maximum number of Shares which may be allotted and issued to Mr. Zhang Yumin upon the exercise of the share options granted to him under the 2017 Share Option Scheme.
- These represent the maximum number of Shares which may be allotted and issued to such Directors upon the exercise of the share options granted to each of them under the 2017 Share Option Scheme.

Save as disclosed above and to the best knowledge, information and belief of the Directors, as at 30 June 2024, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

During the Reporting Period, none of the Company, any of its subsidiaries and associated corporations was a party to any arrangement to enable the Directors and the chief executive of the Company (including their respective close associates) to acquire benefits by means of the acquisition of the shares or underlying shares in, or debentures of, the Company or any of its associated corporations.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2024, so far as are known to the Board, the following persons or parties (other than any Directors or chief executive of the Company) held interests or short position in the Shares and underlying Shares of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions in the Shares and underlying Shares:

| Name of Shareholders | Capacity and nature of Interest | Total number of Shares and underlying Shares | Approximate percentage of the total issued share capital of the Company (%) |
|--|--|--|---|
| Green Pinnacle (Note 1) | Beneficial owner | 736,186,750 | 73.41 |
| Mealth PTC (Note 1) | Interest of a controlled corporation and trustee | 736,186,750 | 73.41 |
| Zhu Junhua (Note 2) | Interest of spouse | 742,821,750 | 74.07 |
| Bull Capital China Growth Fund II, L.P. (Note 3) | Interest of a controlled corporation | 63,500,000 | 6.33 |
| Bull Capital GP II Limited (Note 3) | Interest of a controlled corporation | 63,500,000 | 6.33 |
| Bull Capital Partners Ltd. (Note 3) | Interest of a controlled corporation | 63,500,000 | 6.33 |
| Greater Talent Investments Limited ("Greater Talent") (Note 3) | Beneficial owner | 63,500,000 | 6.33 |
| Peace World Investments Limited (Note 3) | Interest of a controlled corporation | 63,500,000 | 6.33 |
| Wong Kun Kau (Note 3) | Interest of a controlled corporation | 63,500,000 | 6.33 |

Notes:

- 736,186,750 Shares are beneficially held by Green Pinnacle, which is wholly owned by Mealth PTC. Both Green Pinnacle and the Shares owned by it form part of the trust assets of the Mealth Discretionary Trust, which was established by Mr. Ma as settlor and whose trustee is Mealth PTC. By virtue of the SFO, Mealth PTC is deemed to be interested in the 736,186,750 Shares held by Green Pinnacle.
- Ms. Zhu Junhua is the spouse of Mr. Ma and accordingly she is deemed to be interested in the aggregate of 742,821,750 Shares and underlying Shares in which Mr. Ma is interested by virtue of the SFO.
- Greater Talent is wholly owned by Bull Capital China Growth Fund II, L.P. ("Bull Capital LP"). The general partner of Bull Capital LP is Bull Capital GP II Limited ("Bull Capital GP"). Bull Capital Partners Ltd. ("Bull Capital Partners") is the investment manager of Bull Capital LP. Bull Capital Partners and Bull Capital GP are held as to 46.69% and 80% respectively by Peace World Investments Limited ("Peace World"), which is wholly owned by Mr. Wong Kun Kau ("Mr. Wong"). Accordingly, by virtue of the SFO, each of Bull Capital LP, Bull Capital Partners, Bull Capital GP, Peace World and Mr. Wong is deemed to be interested in the Shares held by Greater Talent.

OTHER INFORMATION

Save as disclosed above, as at 30 June 2024, the Directors were not aware that any persons/entities (other than any Directors or chief executive of the Company) had an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which had recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2024, the Group had 5,398 employees (31 December 2023: 5,227 employees), among which 4,577, 8, 22, 11 and 780 staff members were employed in Mainland China, Hong Kong, the US, Germany and Mexico, respectively. The remuneration and staff costs for the Reporting Period were approximately RMB382.6 million (1H 2023: approximately RMB371.6 million).

The salaries of the Group's employees largely depend on their type and level of work as well as their length of service with the Group. They receive social welfare benefits and other benefits including social insurance. As required by the relevant laws and regulations on social insurance in relevant jurisdictions, 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 which the Group operates.

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

Further, the remuneration committee of the Board reviews the remuneration and compensation packages of the Directors and senior management with reference to salaries paid by comparable companies, time commitment and responsibilities of the Directors and senior management and performance of the Group.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company or any of its subsidiaries did not purchase, sell or redeem any of its listed securities (including sale of treasury shares) during the Reporting Period.

COMPLIANCE WITH THE CG CODE

The Board and the Company's management are committed to maintaining high standards of corporate governance. The Board firmly believes that conducting the Group's business in a transparent and responsible manner and following good corporate governance practices serve the Group's long-term interests and those of the Shareholders. The Board considers that the Company has complied with all the code provisions of the Corporate Governance Code (the "CG Code") as contained in Part 2 of Appendix C1 to the Listing Rules for the Reporting Period.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its own code of conduct for dealing in securities of the Company by the Directors. In response to a specific enquiry made by the Company, all Directors confirmed that they had complied with the Model Code for the Reporting Period.

REVIEW BY AUDIT COMMITTEE

The Company has established an audit committee of the Board (the "Audit Committee") with written terms of reference in compliance with the CG Code. The Audit Committee comprises all three independent non-executive Directors, namely Mr. Tang Chi Wai (committee chairman), Mr. Gan Weimin and Prof. Cao Lixin. The Audit Committee has reviewed the Group's unaudited interim condensed consolidated financial information for 1H 2024. Based on such review and discussions with the management, the Audit Committee was satisfied that the financial information was prepared in accordance with applicable accounting standards and fairly presented the Group's financial position and results for 1H 2024.