



雅迪集團控股有限公司
YADEA GROUP HOLDINGS LTD.

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1585

INTERIM REPORT 2016



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Dong Jinggui (董經貴)
Ms. Qian Jinghong (錢靜紅)
Mr. Liu Yeming (劉曄明)
Mr. Shi Rui (石銳)
Mr. Shen Yu (沈瑜)

Non-executive Director

Mr. Fan Xiang (范翔)

Independent Non-executive Directors

Mr. Wu Biguang (吳邲光)
Mr. Li Zongwei (李宗偉)
Mr. Yao Naisheng (姚乃勝)

AUDIT COMMITTEE

Mr. Li Zongwei (李宗偉) (*Chairman*)
Mr. Yao Naisheng (姚乃勝)
Mr. Wu Biguang (吳邲光)

REMUNERATION COMMITTEE

Mr. Wu Biguang (吳邲光) (*Chairman*)
Mr. Liu Yeming (劉曄明)
Mr. Yao Naisheng (姚乃勝)

NOMINATION COMMITTEE

Mr. Dong Jinggui (董經貴) (*Chairman*)
Ms. Qian Jinghong (錢靜紅)
Mr. Yao Naisheng (姚乃勝)
Mr. Wu Biguang (吳邲光)
Mr. Li Zongwei (李宗偉)

JOINT COMPANY SECRETARIES

Mr. Shen Yu (沈瑜)
Room 202
No. 66, Huiquan Garden
Beitang District
Wuxi, Jiangsu Province
China

Ms. Wong Sau Ping (黃秀萍), ACIS, ACS
36/F, Tower Two, Times Square
1 Matheson Street
Causeway Bay
Hong Kong

AUTHORIZED REPRESENTATIVES

Mr. Liu Yeming (劉曄明)
Room 202, Door No.1, No.4 Building
No.2, Chaonei Beixiao Street
Dongcheng District
Beijing
China

Ms. Wong Sau Ping (黃秀萍), ACIS, ACS
36/F, Tower Two, Times Square
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Causeway Bay
Hong Kong

REGISTERED OFFICE

Clifton House
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Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Xishan Road
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China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

36/F, Tower Two, Times Square
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Causeway Bay
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CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Estera Trust (Cayman) Limited
Clifton House
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PO Box 1350
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HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited
Level 22
Hopewell Centre
183 Queen's Road East
Hong Kong

LEGAL ADVISER

As to Hong Kong law:
Sidley Austin
Level 39, Two International Finance Centre,
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Hong Kong

COMPLIANCE ADVISER

Cinda International Capital Limited
45/F, COSCO Tower
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Hong Kong

AUDITORS

Ernst & Young
Certified Public Accountants
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

PRINCIPAL BANKERS

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No. 1 East Xihu Road
Wuxi, Jiangsu Province
China

China Construction Bank, Cixi Branch
No. 279 Shishan Road
Cixi, Zhejiang Province
China

China Everbright Bank, Tianjin Huayuan Branch
No. 62-68 Caizi Yuan
Junction of Huayuan Road and Yashi Avenue
Nankai District, Tianjin
China

STOCK CODE

1585

WEBSITE

www.yadea.com.cn

Management Discussion and Analysis

BUSINESS REVIEW

The Group is a leading electric two-wheeled vehicle brand in the PRC, focusing on designing, researching, developing, manufacturing and selling electric scooters, electric bicycles and related accessories. The Group sells its products nationwide through its extensive distribution network in China, which consisted of over 1,742 distributors as well as their sub-distributors as of June 30, 2016. It also has a broad international customer base across over 50 countries. In the first half of 2016, the Group continued to solidify and expand its share in the Chinese high-end electric two-wheeled vehicle market by continually advancing the technology and design of its products and investing significant amounts in research and development. The Group introduced 18 new models of electric scooters and 18 new models of electric bicycles and upgraded most of the existing models of electric two-wheeled vehicles in the first half of 2016, which allowed the Group to obtain price premiums and achieved higher gross profit margin.

Revenue from the sales of electric two-wheeled vehicles and related accessories increased by 6.7% from approximately RMB2,752.9 million for the six months ended June 30, 2015 to approximately RMB2,937.7 million for the six months ended June 30, 2016 mainly due to the increases in both the average selling prices and the sales volume of electric scooters and electric bicycles. The sales volume of electric two-wheeled vehicles increased by approximately 3.3% from 1,402,211 units for the six months ended June 30, 2015 to 1,448,843 units for the six months ended June 30, 2016 as a result of the general increase in market demand as the Group increased its marketing and advertising efforts. In the first half of 2016, the average selling price of the electric scooters increased from RMB1,707 for the six months ended June 30, 2015 to RMB1,789, and the average selling price of the electric bicycles increased from RMB1,158 for the six months ended June 30, 2015 to RMB1,203 as the upgraded models of electric scooters and electric bicycles allowed the Group to command higher selling price as compared with old models. Accordingly, the Group's overall gross profit margin was 21.5% for the six months ended June 30, 2016, up by 2.9% as compared with the gross profit margin for the corresponding period in 2015.

As a step to expand its business and promote its brand internationally, the Group opened a representative office in Shanghai in July 2016. By establishing a presence in Shanghai, one of the international metropolis in the PRC, the Group hopes to boost the visibility and relations with its current and potential international customers and facilitate its ambition to further capture the growth in demand for high-end electric two-wheeled vehicles not only in the PRC but across the world. The Group also continued to pursue cooperation with selected strategic alliances. On July 17, 2016, the Company acquired additional 6.3% of issued share capital of Lightning Motors Corporation ("**Lightning**"), a U.S. company specializing in researching and developing advanced electric two-wheeled vehicles, to research and develop products together and share international customer base.

Going forward, the Group will continue its focus on research and development to enhance its innovation capabilities and market competitiveness. With regard to its existing network, the Group plans to continue to perfect the end sales experience through cooperation with experienced fashion design firm to improve the product displays and layouts in the points of sales and to enhance the purchasing experience and portray a high-ended brand image to customers.

FINANCIAL REVIEW

Revenue

For the six months ended June 30, 2016 (the “Reporting Period”), the Group recorded revenue of approximately RMB2,937.7 million, representing an increase of approximately 6.7% compared to the corresponding period in 2015 of approximately RMB2,752.9 million. The increase was primarily attributable to an increase in the revenue from the sales of electric two-wheeled vehicles, batteries and chargers.

Product Type	For the six months ended June 30, 2016			For the six months ended June 30, 2015		
	Revenue (RMB'000)	% of total	Volume '000 units	Revenue (RMB'000)	% of total	Volume '000 units
Electric scooters	1,604,763	54.6	896.9	1,471,148	53.4	861.8
Electric bicycles	664,080	22.6	551.9	625,967	22.7	540.4
Subtotal	2,268,843	77.2	1,448.8	2,097,115	76.1	1,402.2
Batteries and chargers	630,855	21.5	Batteries: 1,327.6 Chargers: 905.3	623,852	22.7	Batteries: 1,318.3 Chargers: 974.5
Electric two-wheeled vehicle parts	37,988	1.3	N/A	31,923	1.2	N/A
Total	2,937,686	100	-	2,752,890	100	-

Revenue from the sales of electric scooters increased by approximately 9.1%, from approximately RMB1,471.1 million for the six months ended June 30, 2015 to approximately RMB1,604.8 million for the six months ended June 30, 2016 and revenue from sales of our electric bicycles increased by approximately 6.1%, from approximately RMB626.0 million for the six months ended June 30, 2015 to approximately RMB664.1 million for the six months ended June 30, 2016. The increases were due to the increases in both the average selling prices and the sales volumes of the electric scooters and electric bicycles.

Sales volume of electric scooters increased by approximately 4.1% from 861,825 units for the six months ended June 30, 2015 to 896,928 units for the six months ended June 30, 2016; and our sales volume of electric bicycles increased by approximately 2.1% from 540,386 units for the six months ended June 30, 2015 to 551,915 units for the six months ended June 30, 2016. The increase in the sales volume of the electric two-wheeled vehicles was primarily due to the general increase in market demand as the Group increased its marketing and advertising efforts. The average selling price of the electric scooters increased from RMB1,707 for the six months ended June 30, 2015 to RMB1,789 for the six months ended June 30, 2016. The average selling price of the electric bicycles increased from RMB1,158 for the six months ended June 30, 2015 to RMB1,203 for the six months ended June 30, 2016.

Cost of Sales

Cost of sales increased by approximately 2.9%, from approximately RMB2,241.7 million for the six months ended June 30, 2015 to approximately RMB2,307.5 million for the six months ended June 30, 2016, and such increase is generally in line with the increase in revenue.

Gross Profit and Gross Profit Margin

As a result of foregoing, the Group's gross profit increased by approximately 23.3% from approximately RMB511.2 million for the six months ended June 30, 2015 to approximately RMB630.2 million for the six months ended June 30, 2016.

Gross profit margin was 21.5% for the six months ended June 30, 2016, higher than the gross profit margin of 18.6% for the six months ended June 30, 2015, mainly attributable to the increased average selling price of the electric scooters and electric bicycles as the upgraded models of electric scooters and electric bicycles allowed the Group to command higher unit selling price as compared with old models.

Other Income and Gains, Net

Other income and gains, net increased by approximately 26.4% from approximately RMB30.3 million for the six months ended June 30, 2015 to approximately RMB38.3 million for the six months ended June 30, 2016. This increase was primarily due to (i) the increase of approximately RMB9.8 million in discretionary government grants, (ii) the increase of approximately RMB2.3 million in gains from the wealth management products included in the financial assets at fair value through profit or loss, and (iii) partially offset by the decrease of RMB2.9 million in the bank interest income.

Profit for the Reporting Period

As a result of the cumulative effect of the foregoing, the Group's profit increased by approximately 23.4% from approximately RMB143.8 million for the six months ended June 30, 2015 to approximately RMB177.5 million for the six months ended June 30, 2016.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flow

As at June 30, 2016, cash and cash equivalents amounted to approximately RMB1,961.1 million, representing an increase of approximately 149.3% from approximately RMB786.7 million as at December 31, 2015.

The Group's primary uses of cash were payment for marketing and advertising expense, funding of working capital and daily operating expenses. The Group financed its liquidity requirements through a combination of bank loans borrowings and cash flows generated from its operating activities.

Net cash used in operating activities was approximately RMB90.6 million for the six months ended June 30, 2016, as compared with net cash generated from operating activities of approximately RMB44.9 million for the six months ended June 30, 2015. Net cash generated from investing activities was approximately RMB288.5 million and approximately RMB88.6 million for the six months ended June 30, 2016 and 2015, respectively. Net cash generated from financing activities was approximately RMB963.7 million, as compared with net cash used in financing activities of approximately RMB111.2 million for the six months ended June 30, 2015.

Taking into account the Group's existing cash and cash equivalents, anticipated cash flow from its operating activities, available bank borrowings and the net proceeds from the initial public offering, the Board believes that the Group's liquidity needs will be satisfied.

Net Current Assets

As at June 30, 2016, the Group had net current assets of approximately RMB915.4 million, as compared with net current liabilities of approximately RMB221.5 million as at December 31, 2015.

Inventory

Inventory primarily consisted of raw materials and finished goods. Inventory increased by approximately 57.0% from approximately RMB141.5 million as at December 31, 2015 to approximately RMB222.2 million as at June 30, 2016, primarily due to the increase of inventory of batteries. The average inventory turnover days for the six months ended June 30, 2016 decreased to 14.2 days from 14.9 days for the corresponding period in 2015.

Interest-Bearing Bank Borrowings

As at June 30, 2016, the Group had outstanding bank borrowings which amounted to approximately RMB13.3 million were denominated in US\$ and secured by the pledge of certain of the Group's pledged bank deposits, and will be matured in November 2016. The banking borrowings were mainly used to finance the Group's acquisition of an approximately 11.1% equity interest in Lightning in December 2015.

Gearing Ratio

Gearing ratio (as defined as total interest-bearing bank borrowings divided by total equity as at the respective period-end dates and multiplied by 100%) as at June 30, 2016 was approximately 0.7% (December 31, 2015: 1.7%).

Human Resources

As at June 30, 2016, the Group had 3,368 employees (December 31, 2015: 3,836). Total staff costs for the Reporting Period, excluding the Directors' remuneration, were approximately RMB129.3 million (for the six months ended June 30, 2015: approximately RMB138.4 million). The Group will regularly review its remuneration policy and the benefits to its employees with reference to market practice and the performance of individual employees.

Contingent Liabilities

As at June 30, 2016, the Group did not have any material contingent liabilities or guarantees.

Pledge of the Group's Assets

The Group pledged its assets as securities for bank loans and banking facilities which were used to finance daily business operation. As at June 30, 2016, the pledged assets of the Group amounted to approximately RMB1,359.2 million.

Treasury Policies

The Group's treasury policy was disclosed in the prospectus of the Company dated May 9, 2016 (the "Prospectus"). The Board, the audit committee of the Company and the staff at the relevant positions always remain alert to the performance and risk assessment of the wealth management products, so as to ensure that the wealth management operation does not pose excessive risk to the principal amount. As of June 30, 2016, all of our wealth management products were principal protected. At the same time, the Company also pays attention to the liquidity position of the Group in order to ensure the sufficiency of its working capital. It is the Company's policy to maintain at least 50% of the wealth management products in those that are redeemable on demand or highly liquid (i.e. redeemable within six months).

Foreign Exchange Rate Risk

The Group conducts its business primarily in RMB. Certain sale of goods and bank borrowing were denominated in US\$. As of June 30, 2016, substantially all of the Group's assets and liabilities were denominated in RMB. The Group believe that it do not have significant foreign currency exposure. Therefore, the Group did not use any derivative financial instruments to hedge its exposure to the foreign exchange rate risk during the Reporting Period.

Capital Expenditure

The Group's capital expenditures primarily comprise of purchases of fixed assets and prepaid land lease payments. During the Reporting Period, our total capital expenditure was approximately RMB54.8 million.

Corporate Governance and Other Information

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

The Company was incorporated in the Cayman Islands on July 17, 2014 as an exempted company with limited liability and the shares of the Company (the “Shares”) were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on May 19, 2016 (the “Listing Date”).

As at June 30, 2016, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”) which 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 or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) are as follows:

(i) Interests in Shares of the Company

Name of Director	Nature of interest	Number of Shares ⁽⁵⁾	Approximately percentage of shareholding ⁽⁶⁾
Mr. Dong Jinggui ^(1&3)	Interest of controlled corporation/ interest of concert parties	1,992,010,943 (L)	66.40%
Ms. Qian Jinghong ^(2&3)	Interest of controlled corporation/ interest of concert parties	1,992,010,943 (L)	66.40%
Mr. Liu Yeming ⁽⁴⁾	Interest of controlled corporation	35,348,837 (L)	1.20%

Notes:

- (1) Mr. Dong Jinggui holds the entire issued share capital of Dai Wei Investment Company Limited (“Dai Wei”), which in turn owns 1,399,398,084 Shares. By virtue of Part XV of the SFO, Mr. Dong Jinggui is deemed to be interested in the Shares held by Dai Wei.
- (2) Ms. Qian Jinghong holds the entire issued share capital of Fang Yuan Investment Company Limited (“Fang Yuan”), which in turn owns 592,612,859 Shares. By virtue of Part XV of the SFO, Ms. Qian Jinghong is deemed to be interested in the Shares held by Fang Yuan.
- (3) Pursuant to the concert parties arrangement, Mr. Dong Jinggui and Ms. Qian Jinghong confirmed that they are parties acting in concert in relation to the exercise of their voting rights at the meetings of the shareholders and the board of directors of the members of the Group. They have also further undertaken that during the period when they remain interested in, directly or indirectly, the Shares, they will continue to act in accordance with the concert parties arrangement. As such, Mr. Dong Jinggui and Ms. Qian Jinghong, together with their respective holding companies (being Dai Wei and Fang Yuan), are all deemed to be interested in the total Shares held by Dai Wei and Fang Yuan.
- (4) Mr. Liu Yeming holds the entire issued share capital of Ke Ding International Company Limited (“Ke Ding”), which in turn holds 35,348,837 Shares. By virtue of Part XV of the SFO, Mr. Liu Yeming is deemed to be interested in the Shares held by Ke Ding.
- (5) The letter “L” denotes long position in such securities.
- (6) There were 3,000,000,000 Shares in issue as at June 30, 2016.

(ii) Interests in associated corporations

Name of Director	Name of associated corporation	Number of issued shares	Approximate percentage of shareholding
Mr. Dong Jinggui	Dai Wei	100 shares	100.00%
Ms. Qian Jinghong	Fang Yuan	100 shares	100.00%

Save as disclosed above, as at June 30, 2016, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which would be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

As at June 30, 2016, within the knowledge of the Directors, the following persons (other than the Directors or chief executive of the Company) had an interest or a short position in the Shares or underlying Shares of the Company which would be required 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:

Name	Capacity	Number of Shares ⁽²⁾	Approximate percentage of shareholding ⁽³⁾
Dai Wei ⁽¹⁾	Beneficial interest/interest of concert parties	1,992,010,943 (L)	66.40%
Fang Yuan ⁽¹⁾	Beneficial interest/interest of concert parties	1,992,010,943 (L)	66.40%

Notes:

- (1) Pursuant to the concert parties arrangement, Mr. Dong Jinggui and Ms. Qian Jinghong confirmed that they are parties acting in concert in relation to the exercise of their voting rights at the meetings of the shareholders and the board of directors of the members of the Group. They have also further undertaken that during the period when they remain interested in, directly or indirectly, the Shares, they will continue to act in accordance with the concert parties arrangement. As such, Mr. Dong Jinggui and Ms. Qian Jinghong, together with their respective holding companies (being Dai Wei and Fang Yuan), are all deemed to be interested in the total Shares held by Dai Wei and Fang Yuan.
- (2) The letter "L" denotes long position in such securities
- (3) There were 3,000,000,000 Shares in issue as at June 30, 2016.

Save as disclosed above, and as at June 30, 2016, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

Save as disclosed herein, during the six months ended June 30, 2016, there was no significant investment, material acquisition and disposal of subsidiaries and associated companies by the Group.

Acquisition of additional 6.3% of Issued Share Capital of Lightning

On July 17, 2016, the Company entered into a series B preferred stock purchase agreement with Lightning, pursuant to which the Company agreed to purchase and Lightning agreed to sell 494,277 shares of Lightning, a U.S. company specializing in researching and developing advanced electric two-wheeled vehicles, at a consideration of US\$876,307.85. Upon completion, the Company directly holds approximately 17.4% of the entire issued share capital of Lightning.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the period commencing from the Listing Date through to June 30, 2016, neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has adopted the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange. The Company has fully complied with the code provisions set out in the CG Code throughout the period from the Listing Date to June 30, 2016. The Board will continue to review and monitor the corporate governance status of the Company for the purpose of complying with the CG Code and maintaining a high standard of corporate governance of the Company.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions of the Directors. Specific enquiry has been made to all the Directors who have confirmed that they have complied with the Model Code throughout the period from the Listing Date to June 30, 2016.

The Board has also adopted the Model Code as guidelines for its relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of their dealings in the securities of the Company. No incident of non-compliance of the Model Code by the relevant employees was noted by the Company.

SHARE OPTION SCHEME

The share option scheme was adopted by the Company on April 22, 2016 (the "**Share Option Scheme**").

The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group. The Directors believe the Share Option Scheme will enable the Group to reward our employees, the Directors and other selected participants for their contributions to the Group.

The Directors may, at their absolute discretion, invite any person belonging to any of the following classes of participants, who the Board considers, in its sole discretion, have contributed or will contribute to the Group, to take up options to subscribe for Shares:

- (i) any directors (including executive Directors, non-executive Directors and independent non-executive Directors) and employees of any member of the Group; and
- (ii) any advisors, consultants, distributors, contractors, customers, suppliers, agents, business partners, joint venture business partners, service providers of any member of the Group.

The eligibility of any of the above class of participants to the grant of any option shall be determined by the Directors from time to time on the basis of the Directors' opinion as to the participant's contribution to the development and growth of the Group.

The maximum number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme of the Group shall not in aggregate exceed 30% of the issued share capital of the Company from time to time. The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of the Group shall not in aggregate exceed 10% of the aggregate of the shares in issue on the day on which trading of the Shares commence on the Stock Exchange, such 10% limit represents 300,000,000 Shares.

An option may be accepted by a participant to whom the offer is made within 5 business days from the date on which the letter containing the offer is delivered to that participant. An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on a day after the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination under the Share Option Scheme. Unless otherwise determined by the Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.

The Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Share Option Scheme is adopted until April 21, 2026.

No share option of the Company was granted since the adoption of the Share Option Scheme.

INTERIM DIVIDEND

The Board resolved not to declare any payment of interim dividend for the six months ended June 30, 2016.

USE OF NET PROCEEDS FROM LISTING

Net proceeds from the listing of the Company (after deducting underwriting fee and relevant expenses) amounted to approximately HK\$1,074.0 million. Such amounts are intended to be used according to the allocation set out in the section headed "Future Plans and Use of Proceeds" of the Prospectus. As at June 30, 2016, none of the proceeds had been utilised.

CHANGES TO DIRECTORS' INFORMATION

The Directors confirm that no information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

AUDIT COMMITTEE REVIEW

Pursuant to the requirement of the CG Code and the Listing Rules, the Company has established an audit committee (the "**Audit Committee**") comprising three independent non-executive Directors, being Mr. Li Zongwei (chairman of the Audit Committee), Mr. Yao Naisheng and Mr. Wu Biguang.

The Audit Committee and the Company's management have considered and reviewed the accounting principles and practices adopted by the Group and has discussed matters in relation to risk management, internal control and financial reporting, including the review of the unaudited condensed consolidated interim financial statements of the Group for the Reporting Period.

Consolidated Interim Statement of Profit or Loss

	Notes	Unaudited	
		For the six months ended June 30, 2016 RMB'000	For the six months ended June 30, 2015 RMB'000
REVENUE	4(a)	2,937,686	2,752,890
Cost of sales	5(a)	(2,307,494)	(2,241,735)
Gross profit		630,192	511,155
Other income and gains, net	4(b)	38,305	30,287
Selling and distribution expenses		(238,437)	(213,454)
Administrative expenses		(201,570)	(141,332)
Finance costs	6	(134)	–
Profit before tax	5	228,356	186,656
Income tax expense	7	(50,855)	(42,812)
Profit for the period		177,501	143,844
Profit attributable to:			
Owners of the parent		177,501	143,844
Earnings per share attributable to ordinary equity holders of the parent			
Basic			
– For profit for the period (RMB)	9	0.08	0.07
Diluted			
– For profit for the period (RMB)	9	0.07	0.06

The notes on pages 19 to 36 form an integral part of these condensed consolidated interim financial statements.

Consolidated Interim Statement of Comprehensive Income

	Unaudited	
	For the six months ended June 30, 2016 RMB'000	For the six months ended June 30, 2015 RMB'000
Profit for the period	177,501	143,844
Other comprehensive income <i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	12,642	390
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	12,642	390
Other comprehensive income for the period, net of tax	12,642	390
Total comprehensive income for the period	190,143	144,234
Attributable to:		
Owners of the parent	190,143	144,234

The notes on pages 19 to 36 form an integral part of these condensed consolidated interim financial statements.

Consolidated Interim Statement of Financial Position

	<i>Notes</i>	Unaudited June 30, 2016 RMB'000	Audited December 31, 2015 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	691,304	679,709
Prepaid land lease payments		218,080	220,612
Intangible assets		16,906	14,162
Available-for-sale investments		8,389	8,223
Prepayments		82,647	84,600
Deferred tax assets		16,495	18,202
Total non-current assets		1,033,821	1,025,508
CURRENT ASSETS			
Inventories	11	222,169	141,491
Trade and bills receivables	12	272,601	183,225
Prepayments, deposits and other receivables		257,698	212,097
Financial assets at fair value through profit or loss	13	542,252	861,700
Pledged bank deposits		702,132	779,056
Cash and cash equivalents		1,961,101	786,691
Total current assets		3,957,953	2,964,260
CURRENT LIABILITIES			
Trade and bills payables	14	2,699,777	2,880,431
Other payables and accruals		274,460	256,740
Interest-bearing bank borrowings	15	13,259	12,997
Tax payable		55,086	35,603
Total current liabilities		3,042,582	3,185,771
Net current assets/(liabilities)		915,371	(221,511)
Total assets less current liabilities		1,949,192	803,997

Consolidated Interim Statement of Financial Position

	<i>Note</i>	Unaudited June 30, 2016 RMB'000	Audited December 31, 2015 RMB'000
NON-CURRENT LIABILITIES			
Other payables		22,160	22,160
Net assets		1,927,032	781,837
EQUITY			
Equity attributable to owners of the parent			
Share capital	16	188	135
Reserves		1,926,844	781,702
Total equity		1,927,032	781,837

The notes on pages 19 to 36 form an integral part of these condensed consolidated interim financial statements.

Consolidated Interim Statement of Changes in Equity

	Unaudited							
	Attributable to owners of the parent							
	Share capital RMB'000 Note 16	Merger reserve RMB'000	Share premium account RMB'000	Statutory reserve RMB'000	Exchange fluctuation reserve RMB'000	Share award reserve RMB'000	Retained profits RMB'000	Total RMB'000
At January 1, 2016	135	(121,024)	10,124	65,712	926	75,574	750,390	781,837
Profit for the period	-	-	-	-	-	-	177,501	177,501
Exchange differences on translation of foreign operations	-	-	-	-	12,642	-	-	12,642
Total comprehensive income for the period	-	-	-	-	12,642	-	177,501	190,143
Capitalization issue of shares	6	-	(6)	-	-	-	-	-
Issuance of shares for the initial public offering ("IPO")	47	-	1,044,791	-	-	-	-	1,044,838
Share issue expenses	-	-	(89,786)	-	-	-	-	(89,786)
At June 30, 2016	188	(121,024)	965,123	65,712	13,568	75,574	927,891	1,927,032
At January 1, 2015	135	(121,024)	121,316	37,647	(63)	75,574	402,988	516,573
Profit for the period	-	-	-	-	-	-	143,844	143,844
Exchange differences on translation of foreign operations	-	-	-	-	390	-	-	390
Total comprehensive income for the period	-	-	-	-	390	-	143,844	144,234
Dividends paid to the shareholders of the Company	-	-	(111,192)	-	-	-	-	(111,192)
At June 30, 2015	135	(121,024)	10,124	37,647	327	75,574	546,832	549,615

The notes on pages 19 to 36 form an integral part of these condensed consolidated interim financial statements.

Consolidated Interim Statement of Cash Flows

	Notes	Unaudited	
		For the six months ended June 30, 2016 RMB'000	For the six months ended June 30, 2015 RMB'000
Operating activities			
Profit before tax		228,356	186,656
Adjustments for:			
Finance costs		134	–
Bank interest income	4(b)	(7,058)	(9,972)
Net gain on disposal of items of property, plant and equipment	4(b)	(885)	(289)
Depreciation of items of property, plant and equipment	5(c)	31,606	24,842
Amortization of prepaid land lease payments	5(c)	2,532	2,162
Amortization of intangible assets	5(c)	1,490	905
Reversal of provision for impairment of trade receivables	5(c)	(50)	(624)
Fair value gains from derivative financial instruments	4(b)	–	(1,294)
Gains from financial assets at fair value through profit or loss	4(b)	(16,415)	(14,079)
		239,710	188,307
Decrease/(increase) in pledged bank deposits		76,924	(91,231)
Increase in trade and bills receivables		(89,326)	(145,674)
Increase in prepayments, deposits and other receivables		(47,254)	(55,590)
Increase in inventories		(80,678)	(51,390)
(Decrease)/increase in trade and bills payables		(180,654)	218,565
Increase in other payables and accruals		20,362	18,614
Cash (used in)/generated from operations		(60,916)	81,601
Income tax paid		(29,665)	(36,732)
Net cash (used in)/generated from operating activities		(90,581)	44,869

Consolidated Interim Statement of Cash Flows

	Unaudited	
	For the six months ended June 30, 2016 RMB'000	For the six months ended June 30, 2015 RMB'000
Investing activities		
Interest received from bank deposits	7,058	9,972
Purchases of items of property, plant and equipment	(54,788)	(89,953)
Proceeds from disposal of items of property, plant and equipment	2,252	1,627
Additions to prepaid land lease payments	–	(2,634)
Additions to intangible assets	(1,859)	(3,904)
Purchase of wealth management products included in the financial assets at fair value through profit or loss	(4,704,600)	(3,579,080)
Redemption of wealth management products included in the financial assets at fair value through profit or loss	5,040,463	3,758,699
Prepayment for potential acquisition of investment	–	(6,117)
Net cash flows generated from investing activities	288,526	88,610
Financing activities		
Interest paid	(134)	–
Dividends paid to the shareholders of the Company	–	(111,192)
Proceeds from issue of shares for the IPO	1,044,838	–
Share issue expenses	(80,977)	–
Net cash generated from/(used in) financing activities	963,727	(111,192)
Net increase in cash and cash equivalents	1,161,672	22,287
Cash and cash equivalents at beginning of each period	786,691	501,322
Effect of foreign exchange rate changes, net	12,738	390
Cash and cash equivalents at end of period	1,961,101	523,999
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	1,961,101	523,999
Cash and cash equivalents as stated in the statements of cash flows	1,961,101	523,999

The notes on pages 19 to 36 form an integral part of these condensed consolidated interim financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company is an exempted company incorporated in the Cayman Islands with limited liability under the Companies Law of the Cayman Islands. The registered office of the Company is Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. The Company was listed on the Stock Exchange on May 19, 2016.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the “**Group**”) were principally engaged in the development, manufacture and sale of electric vehicles and related accessories in the People’s Republic of China (the “**PRC**”).

In the opinion of the directors of the Company (the “**Directors**”), the ultimate controlling shareholders of the Company are Mr. Jinggui Dong and Ms. Jinghong Qian (the “**Controlling Shareholders**”).

The condensed consolidated interim financial statements were presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand except when otherwise indicated. These condensed consolidated interim financial statements were approved for issue on August 15, 2016. These condensed consolidated interim financial statements have not been audited.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 Basis of preparation

The condensed consolidated interim financial statements for the six months ended June 30, 2016 have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements for the year ended December 31, 2015, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”).

2.2 Significant accounting policies

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended December 31, 2015, except for the adoption of the new and revised standards and interpretation effective as of January 1, 2016, noted below.

New and amended standards adopted by the Group

The following new standard and amendment to standards are mandatory for the first time for the financial year beginning January 1, 2016:

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	<i>Investment Entities: Applying the Consolidation Exception</i>
Amendments to HKAS 1	<i>Disclosure Initiative</i>
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i>
Amendments to HKAS 27 (2011)	<i>Equity Method in Separate Financial Statements</i>
Amendments to HKFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i>
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs

The adoption of these new and revised HKFRSs has had no significant financial effect on these financial statements.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

2.3 Issued but not yet effective Hong Kong Financial Reporting Standards

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 9	<i>Financial Instruments</i> ³
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ¹
HKFRS 15	<i>Revenue from Contracts with Customers</i> ³
HKFRS 16	<i>Leases</i> ⁴
Amendments to HKAS 7	<i>Disclosure Initiative</i> ²
Amendments to HKAS 12	<i>Recognition of Deferred Tax Assets for Unrealised Losses</i> ²
Amendments to HKFRS 2	<i>Classification and Measurement of the Share-based Payment Transaction</i> ³

¹ No mandatory effective date yet determined

² Effective for annual periods beginning on or after 1 January 2017

³ Effective for annual periods beginning on or after 1 January 2018

⁴ Effective for annual periods beginning on or after 1 January 2019

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Group considers that these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

3. SEGMENT INFORMATION

For management purposes, the Group is not organized into business units based on their products and services and the Group has only one reportable operating segment which is engaged in the development, manufacture and sale of electric vehicles and related accessories.

No operating segments have been aggregated to form the above reportable operating segment.

Geographical information

Since over 90% of the Group's revenue and operating profit were generated from the sale of electric vehicles in the PRC and over 90% of the Group's identifiable assets and liabilities were located in the PRC, no geographical information is presented in accordance with HKFRS 8 *Operating Segments*.

Information about a major customer

Since none of the Group's sale to a single customer amounted to 10% or more of the Group's total revenue for the reporting period, no major customer information is presented in accordance with HKFRS 8 *Operating Segments*.

4. REVENUE, OTHER INCOME AND GAINS, NET

(a) Revenue

	Unaudited	
	For the six months ended June 30, 2016 RMB'000	For the six months ended June 30, 2015 RMB'000
Sale of goods	2,937,686	2,752,890

(b) Other income and gains, net

	Unaudited	
	For the six months ended June 30, 2016 RMB'000	For the six months ended June 30, 2015 RMB'000
Bank interest income	7,058	9,972
Government grants	12,344	2,583
Gains from financial assets at fair value through profit or loss	16,415	14,079
Net gain on disposal of items of property, plant and equipment	885	289
Fair value gain from derivative financial instruments	–	1,294
Others	1,603	2,070
	38,305	30,287

Notes to the Condensed Consolidated Interim Financial Statements

5. PROFIT BEFORE TAX

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

	Unaudited	
	For the six months ended June 30, 2016 RMB'000	For the six months ended June 30, 2015 RMB'000
(a) Cost of sales		
Cost of inventories sold	2,307,494	2,241,735
(b) Employee benefit expense (including directors' and chief executive's remuneration)		
Wages and salaries	107,913	115,810
Pension scheme contributions (defined contribution scheme), social welfare and other welfare	22,471	23,338
	130,384	139,148
(c) Other items		
Depreciation of items of property, plant and equipment	31,606	24,842
Amortization of prepaid land lease payments	2,532	2,162
Amortization of intangible assets	1,490	905
Advertisement and business promotion expenses	183,515	145,472
Auditors' remuneration	1,500	436
Research and development costs*	65,839	43,775
Logistics expenses	23,985	26,097
Listing expenses	22,695	4,191
Operating lease expenses	3,861	4,133
Net gain on disposal of items of property, plant and equipment	(885)	(289)
Reversal of provision for impairment of trade receivables	(50)	(624)

* Research and development costs are included in "administrative expenses" in the consolidated interim statement of profit or loss. Research and development costs included wages and salaries amounting to RMB12,817,000 for the six months ended June 30, 2016 (the six months ended June 30, 2015: RMB10,635,000), which are also included in employee benefit expenses disclosed in note 5(b) above.

6. FINANCE COSTS

	Unaudited	
	For the six months ended June 30, 2016 RMB'000	For the six months ended June 30, 2015 RMB'000
Interest on bank loans	134	–

7. INCOME TAX EXPENSE

	Unaudited	
	For the six months ended June 30, 2016 RMB'000	For the six months ended June 30, 2015 RMB'000
Current PRC corporate income tax	49,148	48,281
Deferred tax	1,707	(5,469)
Total tax charge for the period	50,855	42,812

8. DIVIDENDS

The Directors of the Company proposed not to declare any interim dividend for the six months ended June 30, 2016.

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

Basic earnings per share is 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 June 30, 2016 and June 30, 2015.

	Unaudited	
	For the six months ended June 30, 2016 RMB'000	For the six months ended June 30, 2015 RMB'000
Earnings		
Profit attributable to ordinary equity holders of the parent used in the basic and diluted earnings per share calculation	177,501	143,844

	Number of shares	
	For the six months ended June 30, 2016	For the six months ended June 30, 2015
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	2,302,708,791	2,087,000,000
Effect of dilution-weighted average number of ordinary shares:		
Series A preferred shares	147,401,099	193,000,000
Weighted average number of ordinary shares used in diluted earnings per share calculation	2,450,109,890	2,280,000,000

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (Continued)

	Unaudited	
	For the six months ended June 30, 2016 RMB	For the six months ended June 30, 2015 RMB
Earnings per share		
Basic	0.08	0.07
Diluted	0.07	0.06

The weighted average number of ordinary shares used to calculate the basic earnings per share for the six months ended June 30, 2015 included 2,000,000,000 ordinary shares, and 87,000,000 shares in connections with the capitalization issue, which were deemed to have been issued as of the beginning of the period.

The weighted average number of ordinary shares used to calculate the basic earnings per share for the six months ended June 30, 2016 included the weighted average of 193,000,000 ordinary shares converted from Series A preferred shares and 720,000,000 ordinary shares issued in connections with the Company's Global Offering on May 19, 2016 and the aforesaid 2,087,000,000 ordinary shares.

The weighted average number of ordinary shares used in the calculation of the diluted earnings per share is the weighted average number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended June 30, 2016, the Group acquired items of property, plant and equipment with a cost of RMB44,568,000 (the six months ended June 30, 2015: RMB82,946,000).

Items of property, plant and equipment with a net book value of RMB1,367,000 were disposed of by the Group during the six months ended June 30, 2016 (the six months ended June 30, 2015: RMB1,338,000).

As at June 30, 2016, certain of the Group's buildings and construction in progress with a net carrying amount of approximately RMB409,438,000 were pledged to secure the Group's bills payable.

Notes to the Condensed Consolidated Interim Financial Statements

11. INVENTORIES

	Unaudited June 30, 2016 RMB'000	Audited December 31, 2015 RMB'000
Raw materials	166,691	101,301
Finished goods	55,478	40,190
	222,169	141,491

12. TRADE AND BILLS RECEIVABLES

	Unaudited June 30, 2016 RMB'000	Audited December 31, 2015 RMB'000
Trade receivables	270,426	181,799
Impairment	(1,902)	(1,952)
	268,524	179,847
Bills receivable	4,077	3,378
	272,601	183,225

Full payment is typically required from customers of the Group before delivery of goods, except for certain customers in respect of credit sales. The credit terms generally vary from 15 days to six months from the date of billing. The Group seeks to maintain strict control over its outstanding receivables, and has a credit control department to minimize credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing. The Group's bills receivable were all aged within six months and neither past due nor impaired.

The aging analysis of trade receivables (net of impairment losses for bad and doubtful debts) at the end of reporting period, based on invoice date, is as follows:

	Unaudited June 30, 2016 RMB'000	Audited December 31, 2015 RMB'000
Within 6 months	266,758	177,456
More than 6 months but less than 1 year	866	-
Over 1 year	900	2,391
	268,524	179,847

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Unaudited June 30, 2016 RMB'000	Audited December 31, 2015 RMB'000
Wealth management products, at fair value	542,252	861,700

The wealth management products were issued by banks with variable interest rates, redeemable on demand or with maturity within 180 days in PRC. As at June 30, 2016, the Group invested in principal-protected fixed income investment products of RMB100,531,000 (December 31, 2015: Nil), principal-protected variable income investment products of RMB441,721,000 (December 31, 2015: RMB820,904,000). No non-principal-protected variable income investment products was invested as of June 30, 2016 (December 31, 2015: RMB40,796,000). As at June 30, 2016, certain of the Group's wealth management products with a carrying amount of RMB100,531,000 (December 31, 2015: RMB656,347,000) were pledged as security for the Group's bills payable.

14. TRADE AND BILLS PAYABLES

	Unaudited June 30, 2016 RMB'000	Audited December 31, 2015 RMB'000
Trade payables	1,317,076	940,537
Bills payable	1,382,701	1,939,894
Trade and bills payables	2,699,777	2,880,431

The trade and bills payables are non-interest-bearing.

An aged analysis of the trade and bills payables as at the end of reporting period, based on the invoice date, is as follows:

	Unaudited June 30, 2016 RMB'000	Audited December 31, 2015 RMB'000
Within 3 months	2,109,262	1,651,079
3 to 6 months	493,844	1,180,176
6 to 12 months	60,813	21,905
12 to 24 months	23,776	23,930
Over 24 months	12,082	3,341
	2,699,777	2,880,431

Notes to the Condensed Consolidated Interim Financial Statements

14. TRADE AND BILLS PAYABLES (Continued)

Included in the trade and bills payables as at June 30, 2016 are trade payables to the Group's related parties of RMB16,622,000 (December 31, 2015: RMB6,480,000) and bills payable to the Group's related parties of RMB10,820,000 (December 31, 2015: RMB139,190,000), respectively. Details of the Group's trade payables and bills payable balances with its related parties as at the end of the reporting period are disclosed in note 18(d).

Trade payables are non-interest-bearing and have an average credit term of 15 to 90 days.

15. INTEREST-BEARING BANK BORROWINGS

	Unaudited As at June 30, 2016		Audited As at December 31, 2015	
	Effective interest rate (%)	RMB'000	Effective interest rate (%)	RMB'000
Current				
Bank loans				
– secured (note (a))	2.17	13,259	1.91	12,997

(a) The Company's bank loans which amounted to RMB13,259,000 were denominated in US\$ and secured by the pledge of certain of the Group's pledged bank deposits, and will be matured in November 2016.

16. SHARE CAPITAL

	Unaudited June 30, 2016	Audited December 31, 2015
Authorized:		
5,000,000,000 ordinary shares of US\$0.00001 each (December 31, 2015: 4,807,000,000 ordinary shares and 193,000,000 Series A preferred shares of US\$0.00001 each) (US\$'000)	50	50
Issued and fully paid:		
3,000,000,000 ordinary shares of US\$0.00001 each (December 31, 2015: 2,000,000,000 ordinary shares and 193,000,000 Series A preferred shares of US\$0.00001 each) (US\$'000)	30	22
Equivalent to RMB'000	188	135

Notes to the Condensed Consolidated Interim Financial Statements

16. SHARE CAPITAL (Continued)

A summary of movements in the Company's issued share capital is as follows:

	Number of issued and fully paid ordinary shares	Number of issued and fully paid Series A preferred shares	Equivalent nominal value of shares RMB'000 (Unaudited)	Share premium RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
As at January 1, 2016	2,000,000,000	193,000,000	135	10,124	10,259
Conversion of Series A preferred shares into ordinary shares (note (a))	193,000,000	(193,000,000)	-	-	-
Capitalization issue (note (b))	87,000,000	-	6	(6)	-
Issuance of shares for the IPO (note (c))	720,000,000	-	47	1,044,791	1,044,838
Share issuance expenses	-	-	-	(89,786)	(89,786)
As at June 30, 2016	3,000,000,000	-	188	965,123	965,311

- (a) All Series A preferred shares were automatically converted into ordinary shares immediately prior to the completion of the Company's Global Offering on May 19, 2016;
- (b) 87,000,000 shares were allotted and issued to the shareholders of the Company, credited as fully paid at par value, immediately preceding the listing date on May 19, 2016 in proportion to their respective shareholdings by way of capitalization of the sum of US\$870 standing to the credit of the share premium account of the Company;
- (c) On May 19, 2016, in connection with the Company's IPO as defined in the Prospectus, 720,000,000 new ordinary shares of the Company of US\$0.00001 each were issued at a price of HK\$1.72 per share.

17. COMMITMENTS

(a) Capital commitments

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

	Unaudited June 30, 2016 RMB'000	Audited December 31, 2015 RMB'000
Contracted, but not provided for property, plant and equipment	8,706	5,516

17. COMMITMENTS (Continued)

(b) Operating lease commitments

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases payable as follows:

	Unaudited June 30, 2016 RMB'000	Audited December 31, 2015 RMB'000
Within one year	6,534	8,364
In the second to fifth years, inclusive	9,897	13,027
After five years	6,783	7,333
	23,214	28,724

18. RELATED PARTY TRANSACTIONS AND BALANCES

(a) Particulars of the related parties which entered into material transactions with the Group:

Name	Relationship	Referred to as
Dongguan Hanrun Vehicle Fittings Co., Ltd.	Controlled by close family members of the Controlling Shareholders	Dongguan Hanrun
Ningbo Suogao Shock Absorber Co., Ltd.	Controlled by close family members of the Controlling Shareholders	Ningbo Suogao
Wuxi Daen Vehicle Industry Co., Ltd.	Controlled by close family members of the Controlling Shareholders	Wuxi Daen
Wuxi Xingwei Vehicle Fittings Co., Ltd.	Controlled by close family members of the Controlling Shareholders	Wuxi Xingwei
Ningbo Quanmei Vehicle Frame Co., Ltd.	Controlled by close family members of the Controlling Shareholders	Ningbo Quanmei
Wuxi Yakang Packaging Products Co., Ltd.	Controlled by close family members of the Controlling Shareholders	Wuxi Yakang
Wuxi Colorful Metal Coating Co., Ltd.	Controlled by close family members of the Controlling Shareholders	Wuxi Colorful
Tianjin Xingwei Electric Parts Co., Ltd.	Controlled by close family members of the Controlling Shareholders	Tianjin Xingwei
Tianjin Xingmao Electric Parts Co., Ltd.	Controlled by close family members of the Controlling Shareholders	Tianjin Xingmao
Jiangsu Tianmei Architectural Decoration Development Co., Ltd.	Controlling Shareholders have significant influence	Jiangsu Tianmei

18. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(b) Transactions with related parties

The following transactions were carried out with related parties during the six months ended June 30, 2016 and June 30, 2015:

		Unaudited	
		For the six months ended June 30, 2016 RMB'000	For the six months ended June 30, 2015 RMB'000
(i)	Purchases of products		
	Wuxi Xingwei	33,330	100,337
	Tianjin Xingwei	–	34,885
	Tianjin Xingmao	–	3,244
	Ningbo Suogao	2,543	28,877
	Wuxi Daen	3,509	24,376
	Dongguan Hanrun	747	9,988
	Wuxi Colorful	2,333	6,951
	Wuxi Yakang	–	6,710
		42,462	215,368

The purchases of products were made on terms agreed between the parties.

(c) Due from related parties

Trade related

	Unaudited June 30, 2016 RMB'000	Audited December 31, 2015 RMB'000
Tianjin Xingwei	–	1,218
Wuxi Xingwei	–	9,308
Ningbo Suogao	–	643
Wuxi Colorful	–	1,024
	–	12,193

All amounts due from the related parties were unsecured and non-interest-bearing and had no fixed repayment terms.

18. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(d) Due to related parties

Trade related

Trade payables

	Unaudited June 30, 2016 RMB'000	Audited December 31, 2015 RMB'000
Wuxi Xingwei	10,373	–
Ningbo Suogao	702	–
Wuxi Daen	1,250	2,505
Tianjin Xingwei	1,950	–
Tianjin Xingmao	–	2,645
Wuxi Colorful	200	–
Wuxi Yakang	50	4
Ningbo Quanmei	121	121
Dongguan Hanrun	1,066	295
Jiangsu Tianmei	910	910
	16,622	6,480

Bills payable

	Unaudited June 30, 2016 RMB'000	Audited December 31, 2015 RMB'000
Wuxi Xingwei	8,210	84,830
Ningbo Suogao	340	10,750
Wuxi Daen	2,270	7,630
Tianjin Xingwei	–	26,880
Wuxi Colorful	–	6,150
Wuxi Yakang	–	2,950
	10,820	139,190

All amounts due to related parties were unsecured and non-interest-bearing and to be settled in accordance with the agreed credit terms or were payable on demand.

18. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

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

	Unaudited	
	For the six months ended June 30, 2016 RMB'000	For the six months ended June 30, 2015 RMB'000
Salaries	1,571	1,340
Pension scheme contribution and social welfare	141	54
	1,712	1,394

19. FINANCIAL INSTRUMENTS BY CATEGORY

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

As at June 30, 2016

Financial assets

	Financial assets at fair value through profit or loss RMB'000 (Unaudited)	Available-for-sale investments RMB'000 (Unaudited)	Loans and receivables RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Available-for-sale investments	-	8,389	-	8,389
Trade and bills receivables	-	-	272,601	272,601
Financial assets included in prepayments, deposits and other receivables	-	-	37,592	37,592
Financial assets at fair value through profit or loss	542,252	-	-	542,252
Pledged bank deposits	-	-	702,132	702,132
Cash and cash equivalents	-	-	1,961,101	1,961,101
	542,252	8,389	2,973,426	3,524,067

19. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

Financial liabilities

	Financial liabilities at amortized cost RMB'000 (Unaudited)
Trade and bills payables	2,699,777
Financial liabilities included in other payables and accruals	87,515
Interest-bearing bank borrowings	13,259
	2,800,551

As at December 31, 2015

Financial assets

	Financial assets at fair value through profit or loss RMB'000 (Audited)	Available- for-sale investments RMB'000 (Audited)	Loans and receivables RMB'000 (Audited)	Total RMB'000 (Audited)
Available-for-sale investments	–	8,223	–	8,223
Trade and bills receivables	–	–	183,225	183,225
Financial assets included in prepayments, deposits and other receivables	–	–	26,308	26,308
Financial assets at fair value through profit or loss	861,700	–	–	861,700
Pledged bank deposits	–	–	779,056	779,056
Cash and cash equivalents	–	–	786,691	786,691
	861,700	8,223	1,775,280	2,645,203

19. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

Financial liabilities

	Financial liabilities at amortized cost RMB'000 (Audited)
Trade and bills payables	2,880,431
Financial liabilities included in other payables and accruals	93,440
Interest-bearing bank borrowings	12,997
	2,986,868

20. 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	
	Unaudited June 30, 2016 RMB'000	Audited December 31, 2015 RMB'000
Financial assets at fair value through profit or loss: Wealth management products	542,252	861,700

	Fair values	
	Unaudited June 30, 2016 RMB'000	Audited December 31, 2015 RMB'000
Financial assets at fair value through profit or loss: Wealth management products	542,252	861,700

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

20. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial assets at fair value through profit or loss:

	Fair value measurement as at June 30, 2016			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Recurring fair value measurement for: Financial assets at fair value through profit or loss: Wealth management products	–	542,252	–	542,252

	Fair value measurement as at December 31, 2015			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Recurring fair value measurement for: Financial assets at fair value through profit or loss: Wealth management products	–	861,700	–	861,700

During the six months ended June 30, 2016, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

21. EVENTS AFTER THE REPORTING PERIOD

There is no material subsequent event undertaken by the Company or by the Group after June 30, 2016.