



Xin Point Holdings Limited
信邦控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1571



2017

INTERIM REPORT



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2017 INTERIM REPORT

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Ma Xiaoming
(appointed on 28 August 2014)

Mr. Meng Jun
(appointed on 6 April 2016)

Mr. Zhang Yumin
(appointed on 6 April 2016)

Mr. Liu Jun
(appointed on 6 April 2016)

Mr. He Xiaolu
(appointed on 6 April 2016)

Mr. Jiang Wei
(appointed on 6 April 2016)

Independent Non-Executive Directors

Mr. Tang Chi Wai
(appointed on 5 June 2017)

Mr. Gan Weimin
(appointed on 5 June 2017)

Prof. Cao Lixin
(appointed on 5 June 2017)

COMPANY SECRETARY

Mr. Au Wai Keung, *FCPA*
(appointed on 6 April 2016)

AUDITOR

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

INVESTOR AND MEDIA RELATIONS

Porda Havas International Finance
Communications Group
Unit 2401, 24/F, Admiralty Centre Tower II
18 Harcourt Road, Admiralty, Hong Kong

TICKER SYMBOL

Listed on The Stock Exchange of Hong Kong
Limited under the share ticker number 1571

WEBSITE

<http://www.xinpoint.com>

FINANCIAL HIGHLIGHTS

- Xin Point Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") recorded an unaudited revenue of approximately RMB886.9 million for the six months ended 30 June 2017, representing an increase of approximately 28.1% compared to the same period of the previous year (six months ended 30 June 2016: RMB692.4 million). Such increase was mainly attributable to the steady growth in automobile production and sales in the People's Republic of China (the "**PRC**"), which led to the increased local demands of our products, the increase in average unit selling price and the increase in quantity sold in the European market.
- The Company recorded an unaudited profit attributable to the owners of the Company of approximately RMB176.0 million for the six months ended 30 June 2017, which was approximately 31.3% higher than that of the corresponding period in 2016 (six months ended 30 June 2016: RMB134.0 million).
- The basic and diluted earnings per share for the six months ended 30 June 2017 were RMB23 cents (six months ended 30 June 2016: RMB 18 cents).
- Net cash flows from operations for the six months ended 30 June 2017 were RMB174.2 million (six months ended 30 June 2016: RMB169.8 million).
- The directors of the Company (the "**Directors**") recommend the payment of an interim dividend of RMB5 cents per share for the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).
- In this report, "we", "us", "our" refer to the Company and where the context otherwise requires, the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

Since the successful listing of the shares of the Company (the “Shares”) on the Main Board of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 28 June 2017 (the “Listing Date”), the Group continues to implement its plans as disclosed under the section headed “Business — Strategies and future plans” in the prospectus of the Company dated 16 June 2017 (the “Prospectus”) to increase its production capacities in order to fulfill the orders from customers. Despite the decline in new vehicle sales in the United States in the first half of 2017, most economic indicators continued to be strengthened, pointing to ongoing improvement in global economic activities and rising new vehicle demands.

China, being the largest automobile market in the world, still has long-term growth potential as many central and western regions are under-penetrated. In the first half (“1H”) of 2017, luxury car sales have not slowed down in China and the luxury car market is expected to grow at a faster pace than the overall passenger vehicle market. Almost all brands of luxury cars saw double-digit sales growth in China in the first quarter of 2017 and the market is expecting the trend to sustain from 2017 to 2019.

BUSINESS REVIEW

In terms of export sales, the Group is one of the leading automotive plastic electroplated component suppliers in the PRC. In 1H 2017, the Group has continued to record growth in its business and was benefited from the increased orders from its customers and the company continued to increase the Group's overall capacities in order to further increase production and the total sales unit increased from approximately 157.0 million units in 1H 2016 to approximately 179.1 million units in 1H 2017, representing a strong growth of approximately 14.1%, while total revenue of the Group rose to approximately RMB886.9 million, representing an increase of approximately 28.1% when compared with the corresponding period of last year (the 1H 2016: approximately RMB692.4 million). As a result, the Group's total gross profit also increased by approximately 28.1% from approximately RMB291.0 million in 1H of 2016 to approximately RMB372.8 million in 1H of 2017.

Electro-plating production capacity and utilisation rate

In 1H 2017, with the addition of a new production line by end of February 2017 together with the closure of one obsolete production line, our annualised electro-plating production capacity further increased from approximately 2,123,100 sq.m. by the end of 2016 to approximately 2,525,300 sq.m. or by approximately 18.9% during 1H 2017.

The average utilisation rate of our electro-plating production capacity for 1H 2017 was approximately 84.0% when compared with the rate of 73.6% for 1H 2016, such increase in average total utilisation rate in the 1H 2017 was mainly attributed to an increase in total production volume as a result of an increase in orders on hand.

Production yield

Since the new electro-plating line commenced its operations in February 2017, our production yield rate was approximately 89.6% 1H 2017, approximately one percentage point lower than the average production yield rate of approximately 90.7% in 2016.

OUTLOOK AND ORDER BOOK

Our order book remains healthy and we have secured orders on hand to drive our expansion in the next few years. Continual efforts to penetrate into the global market and global models will remain as our important business objective. The Group had total backlog orders of approximately RMB8.7 billion as at 30 June 2017.

The Group is actively looking for different options and opportunities to further expand our production capacities, both locally within China and overseas, in order to cope with the continuing growth in new orders.

REVENUE

Our revenue increased by approximately RMB194.5 million or approximately 28.1% to approximately RMB886.9 million for 1H 2017 from approximately RMB692.4 million for 1H 2016 as a result of increased sales of automotive decorative components. The total units of automotive decorative components sold in 1H 2017 increased by approximately 28.6 million or approximately 19.2% from the same period in 2016, while the average selling price increased by approximately RMB0.5 per unit or approximately 9.8% in 1H 2017.

The increase in the sales was mainly due to (i) the steady growth in the PRC's automobile production and sales, which led to the increased local demands for our products. The revenue within the PRC markets increased by approximately RMB88.9 million or approximately 30.0% to approximately RMB385.2 million for 1H 2017 from approximately RMB296.2 million for 1H 2016. The total number of units of automotive decorative components sold in the PRC for 1H 2017 also increased by approximately 17.4 million units or approximately 20.3% from the same period in 2016; (ii) the increase in average unit selling price from RMB4.4 per unit for 1H 2016 to RMB4.9 per unit for 1H 2017, which was primarily due to new contracts entered with customers with a higher unit selling price in North America and Europe; and (iii) the increase in quantity sold in the European market by 2.5 million units or 9.8% for 1H 2017 as a result of our continued sales efforts in the European market.

Revenue by geographic segment:

	Six months ended 30 June			
	2017		2016	
	RMB'000	%	RMB'000	%
China	385,156	43	296,230	43
North America	251,248	28	214,353	31
Europe	219,188	25	157,866	23
Others	31,297	4	23,975	3
	<u>886,889</u>	<u>100</u>	<u>692,424</u>	<u>100</u>

Cost of sales

	Six months ended 30 June			
	2017		2016	
	RMB'000	%	RMB'000	%
Direct materials	144,979	28.2	121,396	30.2
Staff costs	141,008	27.4	105,850	26.4
Overheads	228,142	44.4	174,165	43.4
– Depreciation	25,049	4.9	20,291	5.1
– Processing fees	41,337	8.0	31,317	7.8
– Consumables	34,087	6.6	25,511	6.4
– Mould cost	37,589	7.3	32,441	8.1
– Utilities	38,312	7.5	30,702	7.6
– Shipping and delivery	13,423	2.6	7,691	1.9
– Others	38,345	7.5	26,212	6.5
	<u>514,129</u>	<u>100.0</u>	<u>401,411</u>	<u>100.0</u>

Cost of sales increased by approximately RMB112.7 million or approximately 28.1% to approximately RMB514.1 million for 1H 2017 from approximately RMB401.4 million for 1H 2016 in proportion to increased revenue. Such increase was mainly due to (i) the increase in cost of raw materials by approximately RMB23.6 million or 19.4% from approximately RMB121.4 million for the six months ended 30 June 2016 to approximately RMB145.0 million for 1H 2017. The increase was mainly driven by increase in products produced during the period together with a general increase in raw material price level for 1H 2017; (ii) the increase in staff cost of approximately RMB35.2 million or approximately 33.2% as a result of increase in number of front line staff and the compensation levels; and (iii) the increase in other variable overheads from approximately RMB174.2 million for the six months ended 30 June 2016 to approximately RMB228.1 million for 1H 2017, which was directly related to more units of products manufactured.

GROSS PROFIT

Resulted from the factors discussed above, the gross profit increased to approximately RMB372.8 million for 1H 2017 (approximately RMB291.0 million for 1H 2016), representing an increase of approximately 28.1%. Our gross profit margin maintained at approximately 42.0% for 1H 2017, no material change when compared against 1H 2016, despite the addition of a new production line within 1H 2017.

OTHER INCOME AND GAINS

Other income and gains mainly represented bank interest income, income from sale of scraps, testing fee income and foreign exchange gain.

SALES AND DISTRIBUTION EXPENSES

Sales and distribution expenses increased by approximately RMB4.4 million or approximately 23.4% to approximately RMB23.3 million for 1H 2017 from approximately RMB18.9 million for 1H 2016. The increase was primarily due to the continuous increase in staff costs as a result of the increase in number of staff and their compensation level, as well as their relevant travelling expenses to cope with our business growth.

ADMINISTRATIVE EXPENSES

The table below summarises the components of our administrative expenses:

	Six months ended 30 June			
	2017		2016	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Staff costs	58,013	46.0	53,765	52.8
Research and development expenses	24,161	19.2	15,522	15.3
Listing expenses	16,633	13.2	4,962	4.9
Travel and transportation expenses	2,955	2.3	2,730	2.7
Office supplies	4,854	3.9	5,599	5.5
Depreciation and amortisation	3,705	2.9	4,086	4.0
Rental expenses	2,774	2.2	4,342	4.3
Stamp duties and local government surcharges	1,129	0.9	1,053	1.0
Business development expenses	740	0.6	937	0.9
Loss on disposal of property, plant and equipment	171	0.1	676	0.7
Others	10,942	8.7	8,103	7.9
	<u>126,077</u>	<u>100.0</u>	<u>101,775</u>	<u>100.0</u>

Administrative expenses increased by approximately RMB24.3 million or approximately 23.9% to approximately RMB126.1 million for 1H 2017 from approximately RMB101.8 million for 1H 2016. The increase was primarily due to (i) the non-recurring listing expenses of approximately RMB16.6 million recorded in 1H 2017, whereas only approximately RMB5.0 million was recorded in 1H 2016; (ii) the increase in staff costs of approximately RMB4.2 million due to increase in the salary level of the PRC administrative staff in order to retain talents in the highly competitive human resources market in the PRC; and (iii) the increase in research and development (“R&D”) expenses of approximately RMB8.6 million in relation to new models and new surface treatment technologies requests from our customers.

NET PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

Net profit attributable to owners of the Company increased by approximately 31.4% from approximately RMB134.0 million in 1H 2016 to approximately RMB176.0 million in 1H 2017. This was primarily due to the effects of the followings:

- (i) the revenue from the sales of automotive decorative components for all regions has been growing steadily from approximately RMB672.2 million for 1H 2016 to approximately RMB878.8 million or 30.7% growth for 1H 2017;
- (ii) the gross profit also increased from approximately RMB291.0 million for 1H 2016 to approximately RMB372.8 million or approximately 28.1% increase for 1H 2017 as we were able to maintain a relatively stable gross profit margin at approximately 42% for 1H 2017 when compared to the same period in 2016;
- (iii) the increase of 23.4% in sales and distribution expenses during 1H 2017; and
- (iv) the increase in administrative expenses, partly due to the increase in R&D expenditures to cope with increased demands in processing technology from our customers and the increase in salaries and benefits of our administrative and support staffs, directors and senior management, and provision for social insurance and housing provident funds. In addition, listing expenses of approximately RMB\$16.6 million was recorded in 1H 2017, which is non-recurring in nature. After adjusting the listing expenses of approximately RMB16.6 million, the Group would have recorded a net profit of approximately RMB 192.6 million in 1H 2017 (1H 2016: approximately RMB138.9 million, adjusted for listing expenses).

Basic earnings per share attributable to owners of the Company for 1H 2017 was approximately RMB23 cents (1H 2016: approximately RMB18 cents).

LIQUIDITY AND FINANCIAL RESOURCES

For 1H 2017, the Group's net cash inflow from operating activities amounted to approximately RMB174.2 million, as compared to approximately RMB169.8 million in 1H 2016.

The Group had a finance lease payable of only approximately RMB3.3 million as at 30 June 2017 (31 December 2016: RMB5.1 million).

As at 30 June 2017, the gearing ratio, being total bank borrowings divided by total equity was 0.18% (31 December 2016: 0.49%).

The annual interest rate of the bank and other borrowings during 1H 2017 was 7.0% (1H 2016: 7.0%).

INTERIM DIVIDEND

The Board resolved to pay an interim dividend of RMB0.05 per share for 1H 2017 (1H 2016: Nil). The exchange rate adopted for conversion of the interim dividend in Hong Kong dollars was the middle rate of RMB to Hong Kong dollars published by the People's Bank of China of 1 business day of the PRC prior to the declaration of interim dividend (i.e. 28 August 2017) (HK\$1 = RMB0.84823). Accordingly, the amount of interim dividend payable in Hong Kong dollars will be HK\$0.0589 per share.

The interim dividend will be distributed on or around 13 October 2017 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 20 September 2017.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 18 September 2017 to 20 September 2017, both days inclusive, during which period no transfer of the Shares will be registered. In order to qualify for the interim dividend payable on or around 13 October 2017, all transfers of the 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 15 September 2017.

SHARE OPTIONS

A share option scheme (the "Scheme") was adopted by written resolutions passed by the then Shareholders on 5 June 2017. Under the 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.

No share option was granted, exercised, cancelled or had lapsed under the Scheme during the Period. No share option was outstanding under the Scheme as at 30 June 2017 and as of the date of this report.

CAPITAL STRUCTURE

As at 30 June 2017, the Company's issued share capital was approximately RMB87.2 million, equivalent to HK\$100.0 million and divided into 1,000,000,000 Shares of HK\$0.1 each (31 December 2016: RMB79,000, equivalent to HK\$100,000 and divided into 1,000,000 Shares of HK\$0.1 each).

Subsequent to 30 June 2017, the Company announced that 6,487,000 Shares (representing approximately 2.59% of the total number of offer shares initially available under the Company's Global Offering (as defined in the Prospectus) before any exercise of the Over-Allotment Option (as defined in the Prospectus)) were allotted in respect of the Over-Allotment Option described in the Prospectus was partially exercised on 21 July 2017 by the Sole Global Coordinator on behalf of the International Underwriters (as defined in the Prospectus). For details, please refer to the Company's announcement dated 26 July 2017.

Immediately after such allotment and up to the date of this report, the total number of issued Shares was 1,006,487,000.

SIGNIFICANT INVESTMENTS HELD AND FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

During 1H 2017, 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 the utilisation of the net proceeds from the issue of new Shares under the Global Offering as set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

There were no significant investments held as at 30 June 2017 nor there are other plans for material investments on capital assets as at the date of this report.

USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING

The Shares first became listed on the Main Board of the Stock Exchange on 28 June 2017. Gross proceeds raised (including the Shares issued in connection with the Over-Allotment Option partially exercised by the Sole Global Coordinator) from the Global Offering amounted to approximately HK\$855.0 million, and the net proceeds (after deduction of listing expenses and underwriting commissions) amounted to approximately HK\$829.1 million. As at 30 June 2017, none of such net proceeds were utilised. All net proceeds were kept in banks and approved financial institutions in Hong Kong.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

During 1H 2017, the Group did not have any material acquisitions and disposals of subsidiaries.

PLEDGE OF ASSETS

As at 30 June 2017, the Group's certain equipment with carrying value of RMB7.6 million (31 December 2016: RMB8.5 million) were pledged as security for bank borrowings.

FOREIGN EXCHANGE EXPOSURE

Certain assets of the Group are denominated in foreign currencies such as United States dollars, Euros and Hong Kong dollars. The Group has not implemented any foreign currency hedging policy at the moment. However, continuous monitoring on the foreign exchange exposure is 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.

CAPITAL COMMITMENT AND CONTINGENCIES

Capital commitment of the Group as at 30 June 2017 and 31 December 2016 were approximately RMB48.8 million and approximately RMB63.1 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 2017 and 31 December 2016.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



**Building a better
working world**

To the board of directors of Xin Point Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements set out on pages 11 to 26, which comprise the condensed consolidated statement of financial position of Xin Point Holdings Limited, as of 30 June 2017 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants.

The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Ernst & Young
Certified Public Accountants

Hong Kong
29 August 2017

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2017

	Notes	Six months ended 30 June	
		2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
REVENUE	3	886,889	692,424
Cost of sales		(514,129)	(401,411)
Gross profit		372,760	291,013
Other income and gains	3	12,946	13,244
Sales and distribution expenses		(23,303)	(18,889)
Administrative expenses		(126,077)	(101,775)
Finance costs		(166)	(394)
Share of profits of an associate		425	127
PROFIT BEFORE TAX	4	236,585	183,326
Income tax expense	5	(60,608)	(49,374)
PROFIT FOR THE PERIOD		175,977	133,952
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		2,180	9,327
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		2,180	9,327
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		178,157	143,279
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	6	RMB23 cents	RMB18 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	Notes	As at 30 June 2017 RMB'000 (Unaudited)	As at 31 December 2016 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	8	509,687	428,706
Prepaid land lease payments		33,422	33,814
Investment in an associate		1,143	718
Prepayments, deposits and other receivables	9	62,502	52,966
Deferred tax assets		6,930	10,267
Total non-current assets		<u>613,684</u>	<u>526,471</u>
CURRENT ASSETS			
Inventories		271,061	218,788
Trade and bills receivables	10	480,866	445,060
Prepayments, deposits and other receivables	9	95,809	93,667
Derivative financial instruments		2,924	3,256
Prepaid land lease payments		794	794
Cash and cash equivalents		885,710	229,648
Total current assets		<u>1,737,164</u>	<u>991,213</u>
CURRENT LIABILITIES			
Trade payables	11	202,680	184,343
Other payables and accruals	12	180,134	169,870
Interest-bearing bank and other borrowings	13	3,252	4,015
Tax payable		141,525	130,470
Total current liabilities		<u>527,591</u>	<u>488,698</u>
NET CURRENT ASSETS		<u>1,209,573</u>	<u>502,515</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,823,257</u>	<u>1,028,986</u>
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	13	—	1,050
Total non-current liabilities		<u>—</u>	<u>1,050</u>
Net assets		<u>1,823,257</u>	<u>1,027,936</u>
EQUITY			
Equity attributable to owners of the parent			
Share capital	15	87,244	79
Reserves		1,736,013	1,027,857
Total equity		<u>1,823,257</u>	<u>1,027,936</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017

	Attributable to owners of the parent						
	Share capital 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
At 31 December 2016 and 1 January 2017	79	—	828	26,852	65,884	934,293	1,027,936
Profit for the period	—	—	—	—	—	175,977	175,977
Other comprehensive income for the period:							
Exchange differences on translation of foreign operations	—	—	—	2,180	—	—	2,180
Total comprehensive income for the period	—	—	—	2,180	—	175,977	178,157
Capitalization issue of shares	65,352	—	—	—	—	—	65,352
Issuance of shares for initial public offering ("IPO")	21,813	658,779	—	—	—	—	680,592
Share issue expenses	—	(28,780)	—	—	—	—	(28,780)
Transfer of surplus reserve	—	—	—	—	1,298	(1,298)	—
Final 2016 dividend declared	—	—	—	—	—	(100,000)	(100,000)
At 30 June 2017	<u>87,244</u>	<u>629,999</u>	<u>828</u>	<u>29,032</u>	<u>67,182</u>	<u>1,008,972</u>	<u>1,823,257</u>
At 31 December 2015 and 1 January 2016	79	—	828	10,182	49,051	762,785	822,925
Profit for the period	—	—	—	—	—	133,952	133,952
Other comprehensive income for the period:							
Exchange differences on translation of foreign operations	—	—	—	9,327	—	—	9,327
Total comprehensive income for the period	—	—	—	9,327	—	133,952	143,279
Final 2015 dividend declared	—	—	—	—	—	(110,000)	(110,000)
At 30 June 2016	<u>79</u>	<u>—</u>	<u>828</u>	<u>19,509</u>	<u>49,051</u>	<u>786,737</u>	<u>856,204</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2017

	Six months ended 30 June	
	2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Net cash flows from operating activities	174,232	169,832
Purchases of items of property, plant and equipment	(112,412)	(85,735)
Proceeds from disposal of items of property, plant and equipment	1,273	909
Disposal of a subsidiary	—	7,262
(Additions)/deductions to deposit paid for property, plant and equipment	(9,536)	3,027
Net cash flows used in investing activities	(120,675)	(74,537)
Repayment of bank loan	(1,813)	(23,956)
Interest paid	(166)	(394)
Dividends paid	(100,000)	(67,000)
Proceeds from issue of shares for the IPO	723,243	—
Payment of listing expenses	(14,813)	—
Net cash flows from/(used in) financing activities	606,451	(91,350)
NET INCREASE IN CASH AND CASH EQUIVALENTS	660,008	3,945
Cash and cash equivalents at beginning of period	229,648	302,230
Effect of foreign exchange rate changes, net	(3,946)	3,144
CASH AND CASH EQUIVALENTS AT END OF PERIOD	885,710	309,319

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2016.

2. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements for the years ended 31 December 2016, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA for the first time for the current period's condensed consolidated financial statements:

Amendments to HKAS 7	<i>Disclosure Initiative</i>
Amendments to HKAS 12	<i>Recognition of Deferred Tax Assets for Unrealised Losses</i>

The adoption of these revised HKFRSs has had no significant financial effect on these condensed consolidated financial statements and there have been no significant changes to the accounting policies applied in these condensed consolidated financial statements.

3. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts.

An analysis of revenue, other income and gains is as follows:

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue		
Sale of non-automotive components	8,081	20,202
Sale of automotive decorative components	878,808	672,222
	<u>886,889</u>	<u>692,424</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

3. REVENUE, OTHER INCOME AND GAINS (Continued)

Other income

Bank interest income	
Government subsidies	
Sale of scraps	
Sale of raw materials	
Sale of samples	
Testing fee income	
Compensation from insurance companies	
Others	

Gains

Fair value gain on derivative financial instruments, net	
Foreign exchange gain, net	
Gain on disposal of a subsidiary	

Six months ended 30 June

2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
188	1,776
3,027	370
4,096	2,542
1,337	1,001
255	115
488	178
203	608
1,330	1,732
10,924	8,322
—	141
2,022	4,548
—	233
12,946	13,244

4. PROFIT BEFORE TAX

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

Cost of inventories sold	
Depreciation	
Amortisation of land lease payments	
Fair value (gain)/loss on derivative financial instruments, net	
Loss on disposal of items of property, plant and equipment, net	
Foreign exchange differences, net	

Six months ended 30 June

2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
514,129	401,411
30,273	29,227
392	392
332	(141)
171	676
(2,022)	(4,548)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

5. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2016: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. For the Group's subsidiary established in the United State of America ("U.S."), income tax is calculated at the rate of 34.0% (six months ended 30 June 2016: 34.0%). For the Group's subsidiary established in the Germany, income tax is calculated at the rate of 28.0% (six months ended 30 June 2016: 28.0%). Tax on profits assessable in Mainland China has been calculated at the applicable Mainland China corporate income tax ("CIT") rate of 25%. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current – China		
Charge for the year	48,506	49,723
Overprovision in prior years	(9,236)	(9,752)
Current – Hong Kong	4,580	3,777
Current – Germany	6,156	2,419
Current – U.S.	7,265	1,389
Deferred tax	3,337	1,818
Total tax charge for the period	<u>60,608</u>	<u>49,374</u>

6. 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 30 June 2017 and 2016.

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit for the period and earnings for the purpose of basic and diluted earnings per share	<u>175,977</u>	<u>133,952</u>
Weighted average number of ordinary shares in issue during the period used in the basic and diluted earnings per share calculation	<u>754,109,589</u>	<u>750,000,000</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

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

	Six months ended 30 June	
	2017 RMB (Unaudited)	2016 RMB (Unaudited)
Earnings per share		
Basic and diluted	<u>23 cents</u>	<u>18 cents</u>

The weighted average number of ordinary shares used to calculate the basic earnings per share for the six months ended 30 June 2016 included 1,000,000 ordinary shares, and 749,000,000 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 30 June 2017 included the weighted average of 250,000,000 ordinary shares issued in connection with the Company's IPO (note 15) and the aforesaid 750,000,000 ordinary shares.

No adjustment has been made to the basic earnings per share amount for the periods ended 30 June 2017 and 2016 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during these periods.

7. DIVIDENDS

During the six months ended 30 June 2017, a final dividend of RMB100 per share, amounting to approximately HK\$112,830,000 in aggregate (equivalent to approximately RMB100,000,000 in aggregate), for the year ended 31 December 2016 was paid to the shareholders of the Company.

During the six months ended 30 June 2016, a final dividend of RMB110 per share, amounting to approximately HK\$130,671,000 in aggregate (equivalent to approximately RMB110,000,000 in aggregate), for the year ended 31 December 2015 was paid to the shareholders of the Company.

8. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired items of property, plant and equipment of RMB112,412,000 (six months ended 30 June 2016: RMB85,735,000). In addition, the Group disposed of certain items of property, plant and equipment with an aggregate carrying amount of RMB1,444,000 (six months ended 30 June 2016: RMB1,585,000) for cash proceeds of RMB1,273,000 (six months ended 30 June 2016: RMB909,000), resulting in a loss on disposal of RMB171,000 (six months ended 30 June 2016: RMB676,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

9. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Prepayments	87,335	76,156
Deposits and other receivables	70,976	70,477
	<u>158,311</u>	<u>146,633</u>
Non-current portion	(62,502)	(52,966)
Current portion	<u>95,809</u>	<u>93,667</u>

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

10. TRADE AND BILLS RECEIVABLES

An aged 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 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Trade and bills receivables:		
Within 1 month	330,347	290,886
1 to 2 months	99,745	110,639
Over 2 months	50,774	43,535
	<u>480,866</u>	<u>445,060</u>

The Group's trading terms with its customers are mainly on credit. The credit period is generally 90 days. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest bearing.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

11. TRADE PAYABLES

The following is an analysis of trade payables by age, presented based on the invoice date:

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Trade payables:		
Within 1 month	161,735	149,583
1 to 2 months	21,872	21,216
2 to 3 months	9,951	6,252
Over 3 months	9,122	7,292
	<u>202,680</u>	<u>184,343</u>

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

12. OTHER PAYABLES AND ACCRUALS

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Other payables	37,139	31,107
Accruals	137,401	134,569
Receipts in advance	5,594	4,194
	<u>180,134</u>	<u>169,870</u>

Other payables are non-interest bearing and have an average term of three months.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

13. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2017			31 December 2016		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Finance lease payables (Note 14)	7	2017	3,252	7	2017	4,015
Bank loans – unsecured	—	—	—	—	—	—
Bank loans – secured	—	—	—	—	—	—
			<u>3,252</u>			<u>4,015</u>
Non-current						
Finance lease payables (Note 14)			—	7	2018	1,050
			<u>—</u>			<u>5,065</u>

Notes:

- (a) Certain of the Group's bank loans are secured by property, plant and equipment situated in China, which had net carrying amounts of approximately RMB7,600,000 at 30 June 2017 (31 December 2016: RMB8,500,000).
- (b) Borrowings of the Group are denominated in HK\$.

14. FINANCE LEASE PAYABLES

The Group leases certain of its plant and machinery for its automotive decorative components business. These leases are classified as finance leases and have remaining lease terms within one year.

At 31 December 2016 and 30 June 2017, the total future minimum lease payments under finance leases and their present values were as follows:

	Minimum lease payments		Present value of minimum lease payments	
	30 June 2017 RMB'000	31 December 2016 RMB'000	30 June 2017 RMB'000	31 December 2016 RMB'000
Amounts payable:				
Within one year	3,351	4,250	3,252	4,015
In the second year	—	1,062	—	1,050
	<u>3,351</u>	<u>5,312</u>	<u>3,252</u>	<u>5,065</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

14. FINANCE LEASE PAYABLES (Continued)

	Minimum lease payments		Present value of minimum lease payments	
	30 June 2017 RMB'000	31 December 2016 RMB'000	30 June 2017 RMB'000	31 December 2016 RMB'000
Total minimum finance lease payments	3,351	5,312	3,252	5,065
Future finance charges	(99)	(247)		
Total net finance lease payables	3,252	5,065		
Portion classified as current liabilities (note 13)	(3,252)	(4,015)		
Non-current portion (note 13)	—	1,050		

15. SHARE CAPITAL

	Number of shares	Nominal value of ordinary shares in HK\$'000	Nominal value of ordinary shares in RMB'000
Authorised:			
At 31 December 2016 and 1 January 2017	10,000,000	1,000	790
At 30 June 2017	20,000,000,000	2,000,000	1,737,619

	Notes	Number of shares in issue	Share capital RMB'000
Issued and fully paid:			
On incorporation and at 1 January 2017	(a)	1,000,000	79
Capitalisation issue of shares	(b)	749,000,000	65,352
Issuance of shares on 28 June 2017	(c)	250,000,000	21,813
At June 2017		1,000,000,000	87,244

During 30 June 2017 and 31 December 2016, the movements in share capital were as follows:

- Pursuant to an ordinary resolution passed on 28 August 2014, 1,000,000 ordinary shares of HK\$0.1 each was allotted, issued and credited as fully paid to the Company's initial subscribers.
- Pursuant to a resolution passed on 28 June 2017, 749,000,000 ordinary shares of HK\$0.1 each were allotted and issued, credited as fully paid at par, by way of capitalisation from the capital reserve account to the holders of shares whose names appear on the register of members of the Company at the close of business on 28 June 2017 in proportion to their respective shareholdings.
- In connection with the Company's initial public offering, 250,000,000 ordinary shares of HK\$0.1 each were issued at HK\$3.42 per share for a total cash consideration, before expenses, of approximately HK\$855,000,000.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

16. COMMITMENTS

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Contracted but not provided for:		
Plant and equipment	48,815	63,106

17. RELATED PARTY TRANSACTIONS

(a) The Group had the following transactions with related parties during the periods:

		Six months ended 30 June	
		2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
	Notes		
Purchase of tooling:			
Suzhou City Keen Point Precision Molding Co., Ltd.	(i), (ii)	15,000	9,080
Sales of goods:			
Suzhou City Keen Point Precision Molding Co., Ltd.	(i), (ii)	748	19

Notes:

- (i) The transactions were conducted in accordance with the terms and conditions mutually agreed by both parties.
 - (ii) Suzhou City Keen Point Precision Molding Co., Ltd. is an associate of the Group.
- (b) Compensation of key management personnel of the Group:

		Six months ended 30 June	
		2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Short term employee benefits		8,804	6,440
Post-employment benefits		—	—
Total compensation paid to key management personnel		8,804	6,440

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

18. 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 2017

Financial assets

	Financial assets		
	Loans and receivables	At fair value through profit or loss	Total
	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)
Trade and bills receivables	480,866	—	480,866
Financial assets included in prepayments, deposits and other receivables	70,976	—	70,976
Derivative financial instruments	—	2,924	2,924
Cash and cash equivalents	885,710	—	885,710
	<u>1,437,552</u>	<u>2,924</u>	<u>1,440,476</u>

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
	(Unaudited)
Trade payables	202,680
Financial liabilities included in other payables and accruals	70,967
Interest-bearing bank and other borrowings	3,252
	<u>276,899</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

18. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

As at 31 December 2016

Financial assets

	Financial assets at fair value		Total RMB'000 (Audited)
	Loans and receivables RMB'000 (Audited)	through profit or loss RMB'000 (Audited)	
Trade and bills receivables	445,060	—	445,060
Financial assets included in prepayments, deposits and other receivables	70,477	—	70,477
Derivative financial instruments	—	3,256	3,256
Cash and cash equivalents	229,648	—	229,648
	<u>745,185</u>	<u>3,256</u>	<u>748,441</u>

Financial liabilities

	Financial liabilities at amortised cost RMB'000 (Audited)
Trade payables	184,343
Financial liabilities included in other payables and accruals	78,390
Interest-bearing bank and other borrowings	5,065
	<u>267,798</u>

19. 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	
	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Financial liability		
Interest-bearing bank and other borrowings	<u>3,252</u>	<u>5,065</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

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

	Fair values	
	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Financial liability		
Interest-bearing bank and other borrowings	<u>3,351</u>	<u>5,312</u>

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

The fair values of the financial assets and liabilities are included at 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 values of the derivative financial instruments are based on quoted market prices.

The fair values of the non-current portion of finance lease payables and interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

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

Fair value hierarchy

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

Assets measured at fair value

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Derivative financial instruments		
– Fair value measurement using quoted prices in active markets (Level 1)	<u>2,924</u>	<u>3,256</u>

The Group did not have any financial liabilities measured at fair value as at 31 December 2016 and 30 June 2017.

During the six months ended 30 June 2017, 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.

20. APPROVAL OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements were approved and authorised for issue by the board of directors on 29 August 2017.

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

As at 30 June 2017, the Directors and/or any of their respective associates had the following interests and short positions in the Shares, underlying shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) as recorded in the register required to be kept by the Company under section 352 of the SFO or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"):

Long positions in the Shares and underlying shares of the Company and associated corporation:

Name of directors	Capacity and nature of interest	Total number	Approximate percentage of the total issued share capital of the Company (%)
Mr. Ma Xiaoming ("Mr. Ma") (Note 1)	Interest of controlled corporation	718,596,750	71.86

Name of associated corporation	Capacity and nature of interest	Total number	Approximate percentage of the total issued share capital of the associated corporation (%)
Green Pinnacle Holdings Limited ("Green Pinnacle") (Note 1)	Interest of controlled corporation	1,000	100

Short positions in the Shares and underlying shares of the Company:

Name of directors	Capacity and nature of interest	Total number	Approximate percentage of the total issued share capital of the Company (%)
Mr. Ma (Note 2)	Interest of controlled corporation	37,500,000	3.75

Notes:

- 718,596,750 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, the Company's 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 718,596,750 Shares and the shares in Green Pinnacle held by Mealth PTC in his capacity of settlor of the Mealth Discretionary Trust.
- Green Pinnacle has lent 37,500,000 Shares to BNP Paribas Securities (Asia) Limited ("BNP") pursuant to a stock borrowing agreement dated 21 June 2017 between Green Pinnacle and BNP in connection with the Over-Allotment Option (as defined in the Prospectus). As at 15 September 2017, being the latest practicable date for ascertaining certain information in this interim report (the "Latest Practicable Date"), all such 37,500,000 Shares had been returned to Green Pinnacle by BNP.

Save as disclosed above, as at 30 June 2017, none of the Directors and/or any of their respective associates had any interest and short position in the shares, underlying shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or to the Model Code of the Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the sections headed "Directors' Interests and short positions in the shares, underlying shares and debentures of the company and its associated corporation" above and "Share Option Scheme", at no time during the period from the Listing Date to 30 June 2017 was the Company, or any of its subsidiaries or associated corporations, a party to any arrangement to enable the Directors and chief executives of the Company (including their respective spouse and children under 18 years of age) 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 AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2017, the substantial shareholders (not being the Directors of the Company) had the following interests or short positions 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 were recorded in the register required to be kept by the Company under section 336 of the SFO:

Long positions in the Shares and underlying shares of the Company:

Name of shareholders	Capacity and nature of Interest	Total number	Approximate percentage of the total issued share capital of the Company (%)
Green Pinnacle (Note 1)	Beneficial owner	718,596,750	71.86
Mealth PTC (Note 1)	Interest in a controlled corporation and trustee	718,596,750	71.86
Zhu Junhua (Note 2)	Interest of spouse	718,596,750	71.86
Bull Capital China Growth Fund II, L.P. (Note 3)	Interest in a controlled corporation	63,500,000	6.35
Bull Capital GP II Limited (Note 3)	Interest in a controlled corporation	63,500,000	6.35
Bull Capital Partners Ltd. (Note 3)	Interest in a controlled corporation	63,500,000	6.35
Greater Talent Investments Limited ("Greater Talent") (Note 3)	Beneficial owner	63,500,000	6.35
Peace World Investments Limited (Note 3)	Interest in a controlled corporation	63,500,000	6.35
Wong Kun Kau (Note 3)	Interest in a controlled corporation	63,500,000	6.35

Short positions in the Shares and underlying shares of the Company:

Name of shareholders	Capacity and nature of Interest	Total number	Approximate percentage of the total issued share capital of the Company (%)
Green Pinnacle (Note 4)	Beneficial owner	37,500,000	3.75
Mealth PTC (Note 4)	Interest in a controlled corporation and trustee	37,500,000	3.75
Zhu Junhua (Note 4)	Interest of spouse	37,500,000	3.75

Notes:

- 718,596,750 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 718,596,750 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 718,576,750 Shares by virtue of the SFO.
- Greater Talent is wholly owned by Bull Capital China Growth Fund II, L.P. ("**Bull Capital LP**"). The general partners of Bull Capital LP are Bull Capital Partners Ltd. ("**Bull Capital Partners**") Bull Capital GP II Limited ("**Bull Capital GP**"). Bull Capital Partners and Bull Capital GP are held as to 43.99% and 47% respectively by Peace World Investment Limited ("**Peace World**"), which is wholly owned by Mr. Wong Kun Kau ("**Mr. Wong**"). Accordingly, by virtue of the SFO, Bull Capital, Bull Capital Partners, Bull GP, Peace World and Mr. Wong are deemed to be interested in the Shares held by Greater Talent.
- Please refer to Note 2 on page 27 of this interim report.

Save as disclosed above, the Directors are not aware that there is any party (not being the Directors of the Company) who, as at 30 June 2017, 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 were recorded in the register required to be kept by the Company under section 336 of the SFO.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2017, the Group had 4,448 employees (31 December 2016: 4,025 employees), 4,412, 3, 18, 15 staff members in China, Hong Kong, the United States and Germany, respectively. The remuneration and staff cost for the Period were approximately RMB209.7 million (1H 2016: RMB169.2 million).

The salaries of the Group's employees largely depend on their type and level of work as well as their length of service with the Company. They receive social welfare benefits and other benefits including social insurance. As required by the relevant laws and regulations of social insurance, the Company participates in the social insurance schemes operated by the relevant local government authorities which include retirement pension, medical insurance, unemployment insurance, industrial injuries insurance and maternity insurance in the countries the Company operates.

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

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

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 since the Listing Date until 30 June 2017.

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 its long-term interests and those of the Shareholders. The Board considers the Company had complied with all the code provisions of the Corporate Governance Code (the "CG Code") as contained in Appendix 14 to the Listing Rules from the Listing Date and up to 30 June 2017.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 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 since the Listing Date until 30 June 2017.

CHANGE OF PARTICULARS OF THE DIRECTORS

As at the Latest Practicable Date, none of the Director nor their respective biographical information had been changed since the published date of the Prospectus of the Company, which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.