



**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 2017



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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)

### Independent Non-executive Directors

Mr. Wu Biguang (吳焯光)  
Mr. Li Zongwei (李宗煒)  
Mr. Yao Naisheng (姚乃勝)

## AUDIT COMMITTEE

Mr. Li Zongwei (李宗煒) (*Chairman*)  
Mr. Yao Naisheng (姚乃勝)  
Mr. Wu Biguang (吳焯光)

## REMUNERATION COMMITTEE

Mr. Wu Biguang (吳焯光) (*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 (吳焯光)  
Mr. Li Zongwei (李宗煒)

## 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  
1 Matheson Street  
Causeway Bay  
Hong Kong

## REGISTERED OFFICE

Clifton House  
75 Fort Street  
Grand Cayman KY1-1108  
Cayman Islands

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Xishan Road  
Dacheng Industrial Zone  
Anzhen Town  
Xishan District  
Wuxi, Jiangsu Province  
China

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

36/F, Tower Two, Times Square  
1 Matheson Street  
Causeway Bay  
Hong Kong

## CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Estera Trust (Cayman) Limited  
Clifton House  
75 Fort Street  
PO Box 1350  
Grand Cayman KY1-1108  
Cayman Islands

## 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,  
Central  
Hong Kong

## COMPLIANCE ADVISER

TC Capital International Limited  
Suite 1903-4, 19/F, Tower 6,  
The Gateway, Harbour City,  
9 Canton Road, Kowloon,  
Hong Kong

## AUDITORS

Deloitte Touche Tohmatsu  
Certified Public Accountants  
35/F One Pacific Place  
88 Queensway  
Hong Kong

## PRINCIPAL BANKERS

Bank of Nanjing, Wuxi Xishan Branch  
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](http://www.yadea.com.cn)

# Management Discussion and Analysis

## BUSINESS REVIEW

In the first half of 2017, the Group has been focused on solidifying and extending its market leadership position in the electric two-wheeled vehicle industry in the PRC by (i) expanding its product distribution network; (ii) adjusting its pricing strategies; and (iii) introducing new vehicle models with advanced performance characteristics. The Group aims to achieve customer loyalty by constant expansion across China and implementing flexible marketing strategies. As of June 30, 2017, the Group's extensive distribution network comprised approximately 1,782 distributors as well as their sub-distributors with over 10,120 points of sales, covering almost every province in China. Taking into consideration of the growing demand for electric two-wheeled vehicles in the second and third tier cities in the PRC and the purchasing power of target customers in these cities, the Group has also adjusted its pricing strategies for most of vehicle models to boost sales volume and capture additional market share.

As a result, the sales volume of electric two-wheeled vehicles increased by approximately 21.0% from 1,448,843 units for the six months ended June 30, 2016 to 1,752,601 units for the six months ended June 30, 2017 (the **"Reporting Period"**). Revenue from the sales of electric two-wheeled vehicles and related accessories increased by 10.8% from approximately RMB2,937.7 million for the six months ended June 30, 2016 to approximately RMB3,254.5 million for the six months ended June 30, 2017. Nevertheless, due to the adjustment of pricing strategies, the average unit selling price of electric scooters and electric bicycles decreased from approximately RMB1,789 and RMB1,203, respectively, in the first half of 2016, respectively, to approximately RMB1,642 and RMB1,030, respectively, in the first half of 2017. As such, the Group's overall gross profit margin was 15.2% for the six months ended June 30, 2017, down by 6.3% as compared with the gross profit margin for the corresponding period in 2016.

Separately, the Group has continued to uphold its high-end product strategies. The Group introduced 18 new models of electric scooters and seven new models of electric bicycles, which include "New Energy+" ("新能量+") electric scooter series featuring energy-saving GTR motor, rechargeable lithium battery with longer life span and enhanced charger and controller and "Youth Vehicle" ("年青車") series featuring lightweight, modern and smart exterior design that were launched in June 2017. The Group believes that "New Energy+" and "Youth Vehicle" series will be well-received among target customers and will contribute significantly to the Group's revenue in the near future.

Stepping into the second half of 2017, the Group has already laid down the key pieces to carry out its strategies in further promoting "Yadea" brand and developing the Group's R&D and online sales channels. On the promoting "Yadea" brand side, the Group will continue to invest in marketing initiatives to drive heightened awareness and market recognition for the brand. On the R&D side, the Group will continue to pursue cooperation with selected strategic alliances to enhance its capability for innovation, in particular, on the design of new vehicle models and new technology for core parts and components. On the online sales channel side, the Group plans to launch e-commerce sales platforms to provide customers with the convenience of viewing its product offerings and making online purchase.

## FINANCIAL REVIEW

### Revenue

For the six months ended June 30, 2017, we recorded revenue of approximately RMB3,254.5 million, representing an increase of approximately 10.8% compared to the corresponding period in 2016 of approximately RMB2,937.7 million. The increase was primarily attributable to an increase in sales volumes of electric scooters, electric bicycles and related accessories.

Product Type	For the six months ended June 30, 2017			For the six months ended June 30, 2016		
	Revenue (RMB'000)	% of total	Volume '000 units	Revenue (RMB'000)	% of total	Volume '000 units
Electric scooters	1,523,740	46.8	928.1	1,604,763	54.6	896.9
Electric bicycles	848,991	26.1	824.5	664,080	22.6	551.9
<b>Subtotal</b>	<b>2,372,731</b>	<b>72.9</b>	<b>1,752.6</b>	2,268,843	77.2	1,448.8
Batteries and chargers	865,670	26.6	<b>Batteries: 1,670.1 Chargers: 981.0</b>	630,855	21.5	Batteries: 1,327.6 Chargers: 905.3
Electric two-wheeled vehicle parts	16,053	0.5	N/A	37,988	1.3	N/A
<b>Total</b>	<b>3,254,454</b>	<b>100</b>	<b>-</b>	2,937,686	100	-

Despite an increase in the sales volume of electric scooters by approximately 3.5% from 896,928 units for the six months ended June 30, 2016 to 928,122 units for the six months ended June 30, 2017, revenue from the sales of electric scooters decreased by approximately 5.1% from approximately RMB1,604.8 million for the six months ended June 30, 2016 to approximately RMB1,523.7 million for the six months ended June 30, 2017. Such decrease was attributable to a decrease in the average unit selling price of electric scooters from approximately RMB1,789 for the six months ended June 30, 2016 to approximately RMB1,642 for the six months ended June 30, 2017, as the Group adjusted its pricing strategies for most of vehicle models to boost sales volume and capture additional market share.

As for electric bicycles, although the sales volume increased by approximately 49.4% from 551,915 units for the six months ended June 30, 2016 to 824,479 units for the six months ended June 30, 2017, the average unit selling price of electric bicycles decreased from approximately RMB1,203 for the six months ended June 30, 2016 to approximately RMB1,030 for the six months ended June 30, 2017. As a result, the revenue generated from the sales of electric bicycles increased by approximately 27.8% from approximately RMB664.1 million for the six months ended June 30, 2016 to approximately RMB849.0 million for the six months ended June 30, 2017.

### Cost of Sales

Cost of sales increased by approximately 19.6% from approximately RMB2,307.5 million for the six months ended June 30, 2016 to approximately RMB2,760.6 million for the six months ended June 30, 2017, which is in line with the increase in our sales volumes of electric scooters, electric bicycles and related accessories.

## Management Discussion and Analysis

### Gross Profit and Gross Profit Margin

As a result of the foregoing, the Group's gross profit decreased by approximately 21.6% from approximately RMB630.2 million for the six months ended June 30, 2016 to approximately RMB493.9 million for the six months ended June 30, 2017.

Gross profit margin was 15.2% for the six months ended June 30, 2017, lower than the gross profit margin of 21.5% for the six months ended June 30, 2016, mainly attributable to a decrease in the average unit selling prices of electric scooters and electric bicycles as the Group adjusted its pricing strategies for most vehicle models to boost sales volume and capture additional market share.

### Other Income and Gains, Net

Other income and gains, net increased by approximately 123.7% from approximately RMB38.3 million for the six months ended June 30, 2016 to approximately RMB85.7 million for the six months ended June 30, 2017. Such increase was primarily due to (i) an increase of approximately RMB28.0 million in discretionary government grants; (ii) an increase of approximately RMB11.8 million in gains from the wealth management products included in the financial assets at fair value through profit or loss; and (iii) an increase of approximately RMB1.8 million in bank interest income.

### Profit for the Reporting Period

As a result of the cumulative effect of the foregoing, the Group's profit decreased by approximately 3.3% from approximately RMB177.5 million for the six months ended June 30, 2016 to approximately RMB171.6 million for the six months ended June 30, 2017.

## LIQUIDITY AND CAPITAL RESOURCES

### Cash Flow

As at June 30, 2017, cash and cash equivalents amounted to approximately RMB1,197.9 million, representing a decrease of approximately 33.5% from approximately RMB1,801.4 million as at December 31, 2016. Such decrease was primarily due to (i) the payment of a final dividend of 4.0 HK cents per ordinary share for the year ended December 31, 2016 in the amount of HK\$120 million; (ii) a loan in the principal amount of HK\$210 million to Tai United Holdings Limited; and (iii) an increase of approximately RMB300 million in investment in wealth management products.

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 cash flows generated from its operating activities.

Net cash used in operating activities was approximately RMB30.9 million for the six months ended June 30, 2017, as compared with net cash used in operating activities of approximately RMB90.6 million for the six months ended June 30, 2016. Net cash used in investing activities was approximately RMB444.3 million for the six months ended June 30, 2017, as compared with net cash generated from investing activities of approximately RMB288.5 million for the six months ended June 30, 2016. Net cash used in financing activities was approximately RMB104.1 million, as compared with net cash generated from financing activities of approximately RMB963.7 million for the six months ended June 30, 2016.

Taking into account the Group's existing cash and cash equivalents, anticipated cash flow from its operating activities 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, 2017, the Group had net current assets of approximately RMB977.2 million, as compared with net current assets of approximately RMB1,084.6 million as at December 31, 2016.

### Inventory

Inventory primarily consisted of raw materials and finished goods. Inventory increased by approximately 4.1% from approximately RMB205.0 million as at December 31, 2016 to approximately RMB213.3 million as at June 30, 2017, primarily due to an increase of raw materials reserved for future production in light of the potential increase in prices of raw materials in the second half of 2017. The average inventory turnover days for the six months ended June 30, 2017 decreased to 13.6 days from 14.2 days for the corresponding period in 2016.

### 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, 2017 was approximately 0% (December 31, 2016: 0.7%).

### Human Resources

As at June 30, 2017, the Group had 3,160 employees (December 31, 2016: 3,131). Total staff costs for the Reporting Period, excluding the Directors' remuneration, were approximately RMB145.8 million (for the six months ended June 30, 2016: approximately RMB129.3 million). The Group will regularly review its remuneration policy and wages and benefits to its employees with reference to market practice and the performance of individual employee.

### Contingent Liabilities

As at June 30, 2017, 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 credit which was used to settle trade payables in its daily business operation. As at June 30, 2017, the pledged assets of the Group amounted to approximately RMB624.8 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, 2017, 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, 2017, substantially all of the Group's assets and liabilities were denominated in RMB. The Group believes that it does 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, the total capital expenditure was approximately RMB23.89 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, 2017, 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 <sup>(5)</sup>	Approximately percentage of shareholding <sup>(6)</sup>
Mr. Dong Jinggui <sup>(1&amp;3)</sup>	Interest of controlled corporation/ interest of concert parties	1,992,010,943 (L)	66.40%
Ms. Qian Jinghong <sup>(2&amp;3)</sup>	Interest of controlled corporation/ interest of concert parties	1,992,010,943 (L)	66.40%
Mr. Liu Yeming <sup>(4)</sup>	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, 2017.

**(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, 2017, 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, 2017, 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 <sup>(2)</sup>	Approximate percentage of shareholding <sup>(3)</sup>
Dai Wei <sup>(1)</sup>	Beneficial interest/interest of concert parties	1,992,010,943 (L)	66.40%
Fang Yuan <sup>(1)</sup>	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, 2017.

Save as disclosed above, and as at June 30, 2017, 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, 2017, there was no significant investment, material acquisition and disposal of subsidiaries and associated companies by the Group.

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

During the Reporting Period, 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 Reporting Period. 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 during the six months ended June 30, 2017.

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, 2017.

### USE OF PROCEEDS FROM GLOBAL OFFERING

On the Listing Date, the Company issued 750 million Shares at an offer price of HK\$1.72 per Share on the Stock Exchange by global offering. The net proceeds from the global offering (after deducting the underwriting fees and commissions and other expenses payable by the Company in connection with the global offering) amounted to approximately HK\$1,074.0 million (equivalent to approximately RMB907.3 million). The net proceeds will be applied in the following manner:

- approximately 50% (approximately RMB453.7 million), will be used to improve the distribution and sales as well as marketing including (i) brand promotion, advertising and marketing (approximately 19%), (ii) expansion of the distributor points of sales overhaul campaign (approximately 16%), (iii) expansion of the international sales (approximately 10%), and (iv) development of the online platform, including online sales promotion and marketing (approximately 5%);
- approximately 30% (approximately RMB272.2 million), will be used for the business expansion, including (i) purchases of new automated production equipment (approximately 5%) and production expansion (approximately 12%) and (ii) potential mergers and acquisitions (approximately 13%);
- approximately 10% (approximately RMB90.7 million), will be used for the research and development of products, improvement of research and development facilities as well as recruitment of research and development personnel; and
- approximately 10% (approximately RMB90.7 million), will be used for general working capital.

## Corporate Governance and Other Information

As at the date of this interim report, there were no changes of business plan from that disclosed in the Company's Prospectus. Approximately 49.5% of the net proceeds had been utilized, including approximately 24.1% being used to improve the distribution and sales as well as marketing, approximately 10.0% being used for the business expansion, approximately 10.0% being used for the research and development and approximately 5.4% being used for general working capital, which was consistent with the use of proceeds as disclosed in the Prospectus.

### 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 since the publication of the 2016 annual report of the Company.

### 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, 2017 RMB'000	For the six months ended June 30, 2016 RMB'000
<b>REVENUE</b>	4(a)	<b>3,254,454</b>	2,937,686
Cost of sales	5(a)	<b>(2,760,581)</b>	(2,307,494)
<b>Gross profit</b>		<b>493,873</b>	630,192
Other income and gains, net	4(b)	<b>85,704</b>	38,305
Selling and distribution expenses		<b>(165,304)</b>	(238,437)
Administrative expenses		<b>(198,157)</b>	(201,570)
Finance costs	6	–	(134)
<b>Profit before tax</b>	5	<b>216,116</b>	228,356
Income tax expense	7	<b>(44,525)</b>	(50,855)
<b>Profit for the period</b>		<b>171,591</b>	177,501
<b>Profit attributable to:</b>			
Owners of the parent		<b>171,591</b>	177,501
<b>Earnings per share attributable to ordinary equity holders of the parent</b>			
Basic			
– For profit for the period (RMB)	9	<b>0.06</b>	0.08
Diluted			
– For profit for the period (RMB)	9	<b>0.06</b>	0.07

The notes on pages 20 to 38 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, 2017 RMB'000	For the six months ended June 30, 2016 RMB'000
<b>PROFIT FOR THE PERIOD</b>	<b>171,591</b>	177,501
<b>OTHER COMPREHENSIVE INCOME</b>		
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	<b>(24,115)</b>	12,642
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	<b>(24,115)</b>	12,642
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>	<b>(24,115)</b>	12,642
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>147,476</b>	190,143
<b>Attributable to:</b>		
Owners of the parent	<b>147,476</b>	190,143

The notes on pages 20 to 38 form an integral part of these condensed consolidated interim financial statements.

# Consolidated Interim Statement of Financial Position

	<i>Notes</i>	<b>Unaudited June 30, 2017 RMB'000</b>	Audited December 31, 2016 RMB'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	<b>710,656</b>	732,980
Prepaid land lease payments		<b>290,172</b>	292,839
Intangible assets		<b>16,776</b>	16,966
Available-for-sale investments		<b>14,683</b>	14,683
Prepayments		<b>53,328</b>	59,413
Long term receivable		<b>182,259</b>	–
Deferred tax assets		<b>18,842</b>	19,106
<b>Total non-current assets</b>		<b>1,286,716</b>	1,135,987
<b>CURRENT ASSETS</b>			
Inventories	11	<b>213,348</b>	205,000
Trade and bills receivables	12	<b>219,582</b>	279,691
Prepayments, deposits and other receivables		<b>334,775</b>	255,176
Financial assets at fair value through profit or loss	13	<b>1,705,746</b>	1,411,630
Pledged bank deposits		<b>863,700</b>	777,073
Cash and cash equivalents		<b>1,197,904</b>	1,801,405
<b>Total current assets</b>		<b>4,535,055</b>	4,729,975
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	14	<b>3,140,880</b>	3,287,399
Other payables and accruals		<b>328,193</b>	285,242
Tax payable		<b>88,799</b>	72,751
<b>Total current liabilities</b>		<b>3,557,872</b>	3,645,392
<b>Net current assets/(liabilities)</b>		<b>977,183</b>	1,084,583
<b>Total assets less current liabilities</b>		<b>2,263,899</b>	2,220,570
<b>Net assets</b>		<b>2,263,899</b>	2,220,570

The notes on pages 20 to 38 form an integral part of these condensed consolidated interim financial statements.



## Consolidated Interim Statement of Financial Position

	<b>Unaudited June 30, 2017 RMB'000</b>	Audited December 31, 2016 RMB'000
<b>EQUITY</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	188	188
Reserves	2,263,711	2,220,382
<b>Total equity</b>	<b>2,263,899</b>	2,220,570

The notes on pages 20 to 38 form an integral part of these condensed consolidated interim financial statements.

# Consolidated Interim Statement of Changes in Equity

	Attributable to owners of the parent							
	Share capital	Merger reserve	Share premium account	Statutory reserve	Exchange fluctuation reserve	Share award reserve	Retained profits	Total
	RMB'000 Note 15	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>At January 1, 2017</b>	188	(121,024)	965,123	99,543	54,478	75,574	1,146,688	2,220,570
Profit for the period	-	-	-	-	-	-	171,591	171,591
Exchange differences on translation of foreign operations	-	-	-	-	(24,115)	-	-	(24,115)
Total comprehensive (loss)/income for the period	-	-	-	-	(24,115)	-	171,591	147,476
Transfer from retained profits	-	-	-	-	-	-	-	-
Dividends recognised as distribution	-	-	-	-	-	-	(104,147)	(104,147)
<b>At June 30, 2017 (Unaudited)</b>	188	(121,024)	965,123	99,543	30,363	75,574	1,214,132	2,263,899
<b>At January 1, 2016</b>	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)
<b>At June 30, 2016 (Unaudited)</b>	188	(121,024)	965,123	65,712	13,568	75,574	927,891	1,927,032

The notes on pages 20 to 38 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, 2017 RMB'000	For the six months ended June 30, 2016 RMB'000
<b>Operating activities</b>			
Profit before tax		216,116	228,356
Adjustments for:			
Finance costs		–	134
Bank interest income	4(b)	(8,865)	(7,058)
Net loss/(gain) on disposal of items of property, plant and equipment	4(b)	734	(885)
Depreciation of items of property, plant and equipment	5(c)	39,581	31,606
Amortization of prepaid land lease payments	5(c)	2,666	2,532
Amortization of intangible assets	5(c)	2,755	1,490
Reversal of provision for impairment of trade receivables	5(c)	–	(50)
Gains from financial assets at fair value through profit or loss	4(b)	(28,247)	(16,415)
		<b>224,740</b>	239,710
(Increase)/decrease in pledged bank deposits		(86,627)	76,924
Decrease/(increase) in trade and bills receivables		60,109	(89,326)
Increase in prepayments, deposits and other receivables		(93,513)	(47,254)
Increase in inventories		(8,348)	(80,678)
Decrease in trade and bills payables		(146,519)	(180,654)
Increase in other payables and accruals		47,463	20,362
<b>Cash used in operations</b>		<b>(2,695)</b>	(60,916)
Income tax paid		(28,213)	(29,665)
<b>Net cash used in operating activities</b>		<b>(30,908)</b>	(90,581)

The notes on pages 20 to 38 form an integral part of these condensed consolidated interim financial statements.

## Consolidated Interim Statement of Cash Flows

	Unaudited	
	For the six months ended June 30, 2017 RMB'000	For the six months ended June 30, 2016 RMB'000
<b>Investing activities</b>		
Purchase of financial assets	(182,259)	–
Interest received from bank deposits	8,865	7,058
Purchases of items of property, plant and equipment	(28,400)	(54,788)
Proceeds from disposal of items of property, plant and equipment	5,640	2,252
Additions to intangible assets	(2,308)	(1,859)
Purchase of wealth management products included in the financial assets at fair value through profit or loss	(9,113,316)	(4,704,600)
Redemption of wealth management products included in the financial assets at fair value through profit or loss	8,867,447	5,040,463
<b>Net cash (used in)/generated from investing activities</b>	<b>(444,331)</b>	288,526
<b>Financing activities</b>		
Interest paid	–	(134)
Dividends paid to the shareholders of the Company	(104,147)	–
Proceeds from issue of shares for the IPO	–	1,044,838
Share issue expenses	–	(80,977)
<b>Net cash (used in)/generated from financing activities</b>	<b>(104,147)</b>	963,727
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(579,386)</b>	1,161,672
Cash and cash equivalents at beginning of each period	1,801,405	786,691
Effect of foreign exchange rate changes, net	(24,115)	12,738
<b>Cash and cash equivalents at end of period</b>	<b>1,197,904</b>	1,961,101
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	1,197,904	1,961,101
<b>Cash and cash equivalents as stated in the statement of cash flows</b>	<b>1,197,904</b>	1,961,101

The notes on pages 20 to 38 form an integral part of these condensed consolidated interim financial statements.

# Notes to the Condensed Consolidated Interim Financial Statements

## 1. CORPORATE AND GROUP 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 address of the Company is Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on May 19, 2016 (the “**Listing**”).

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 ultimate holding companies of the Company are Dai Wei Investment Company Limited and Fang Yuan Investment Company Limited, which are incorporated in British Virgin Islands.

The functional currency of most of the Group entities is Renminbi (“**RMB**”) as the main operation of the Group is located in the PRC. The condensed consolidated interim financial statements were presented in 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 29, 2017. 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, 2017 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, 2016, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”).

### 2.2 Significant accounting policies

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair value.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2017 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended December 31, 2016.

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 7  
Amendments to HKAS 12  
Amendments to HKFRS 12

*Disclosure Initiative  
Recognition of Deferred Tax Assets for Unrealized Losses  
As part of the Annual Improvements to HKFRSs  
2014-2016 Cycle*

The application of the above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated 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> <sup>1</sup>
HKFRS 15	<i>Revenue from Contracts with Customers and the related Amendments</i> <sup>1</sup>
HKFRS 16	<i>Leases</i> <sup>2</sup>
HK(IFRIC)-Int 22	<i>Foreign Currency Transactions and Advance Consideration</i> <sup>1</sup>
Amendments to HKFRS 2	<i>Classification and Measurement of Share-based Payment Transactions</i> <sup>1</sup>
Amendments to HKFRS 4	<i>Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts</i> <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>3</sup>
Amendments to HKAS 7	<i>Disclosure Initiative</i> <sup>4</sup>
Amendments to HKAS 12	<i>Recognition of Deferred Tax Assets for Unrealised Losses</i> <sup>4</sup>
Amendments to HKAS 40	<i>Transfers of Investment Property</i> <sup>1</sup>
Amendments to HKFRSs	<i>Annual Improvements to HKFRSs 2014-2016 Cycle</i> <sup>5</sup>

<sup>1</sup> Effective for annual periods beginning on or after January 1, 2018

<sup>2</sup> Effective for annual periods beginning on or after January 1, 2019

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined

<sup>4</sup> Effective for annual periods beginning on or after January 1, 2017

<sup>5</sup> Effective for annual periods beginning on or after January 1, 2017 or January 1, 2018, as appropriate

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. OPERATING 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 Mainland China and over 90% of the Group's non-current assets and liabilities were located in Mainland China, 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, 2017 RMB'000	For the six months ended June 30, 2016 RMB'000
Sales of goods	3,254,454	2,937,686

## (b) Other income and gains, net

	Unaudited	
	For the six months ended June 30, 2017 RMB'000	For the six months ended June 30, 2016 RMB'000
Bank interest income	8,865	7,058
Government grants	40,296	12,344
Gains from financial assets at fair value through profit or loss	28,247	16,415
Net (loss)/gain on disposal of items of property, plant and equipment	(734)	885
Others	9,030	1,603
	85,704	38,305

## 5. PROFIT BEFORE TAX

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

	Unaudited	
	For the six months ended June 30, 2017 RMB'000	For the six months ended June 30, 2016 RMB'000
<b>(a) Cost of sales</b>		
Cost of inventories sold	<b>2,760,581</b>	2,307,494
<b>(b) Employee benefit expense (including directors' and chief executive's remuneration)</b>		
Wages and salaries	<b>125,931</b>	107,913
Pension scheme contribution (defined contribution scheme), social welfare and other welfare	<b>21,100</b>	22,471
	<b>147,031</b>	130,384
<b>(c) Other items</b>		
Depreciation of items of property, plant and equipment	<b>39,581</b>	31,606
Amortization of prepaid land lease payments	<b>2,666</b>	2,532
Amortization of intangible assets	<b>2,755</b>	1,490
Advertisement and business promotion expenses	<b>97,649</b>	183,515
Auditors' remuneration	<b>1,210</b>	1,500
Research and development costs*	<b>55,091</b>	65,839
Logistics expenses	<b>31,474</b>	23,985
Listing expenses	–	22,695
Operating lease expenses	<b>7,265</b>	3,861
Net loss/(gain) on disposal of items of property, plant and equipment	<b>734</b>	(885)
Reversal of provision for impairment of trade receivables	–	(50)

\* Research and development costs are included in "administrative expenses" in the consolidated statement of profit or loss. Research and development costs included wages and salaries amounting to RMB11,523,879 for the six months ended June 30, 2017 (for the six months ended June 30, 2016: RMB12,817,000), which are also included in employee benefit expenses as disclosed in note 5(b) above.



## 6. FINANCE COSTS

	Unaudited	
	For the six months ended June 30, 2017 RMB'000	For the six months ended June 30, 2016 RMB'000
Interest on bank loans	-	134

## 7. INCOME TAX EXPENSE

	Unaudited	
	For the six months ended June 30, 2017 RMB'000	For the six months ended June 30, 2016 RMB'000
Current Mainland China corporate income tax	44,261	49,148
Deferred tax	264	1,707
Total tax charge for the period	44,525	50,855

## 8. DIVIDENDS

	Unaudited	
	For the six months ended June 30, 2017 RMB'000	For the six months ended June 30, 2016 RMB'000
2016 Final dividend – HK4 cents per ordinary share	104,147	-

The Company proposed a final dividend of HK4 cents per ordinary share on March 10, 2017, the dividend has been paid to all shareholders of the Company on June 29, 2017.

## 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, 2017 and June 30, 2016.

	Unaudited	
	For the six months ended June 30, 2017 RMB'000	For the six months ended June 30, 2016 RMB'000
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the parent used in the basic and dilutive earnings per share calculation	<b>171,591</b>	177,501
	Number of shares	
	For the six months ended June 30, 2017	For the six months ended June 30, 2016
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	<b>3,000,000,000</b>	2,302,708,791
Effect of dilution-weighted average number of ordinary shares:		
Series A preferred shares	-	147,401,999
Weighted average number of ordinary shares used in diluted earnings per share calculation	<b>3,000,000,000</b>	2,450,109,890

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

	For the six months ended June 30, 2017	For the six months ended June 30, 2016
<b>Earnings per share</b>		
Basic (RMB)	<b>0.06</b>	0.08
Diluted (RMB)	<b>0.06</b>	0.07

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 2,087,000,000 ordinary shares issued on June 30, 2016.

The weighted average number of ordinary shares used in the calculation of the diluted earnings per share for the six months ended June 30, 2016 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, 2017, the Group acquired items of property, plant and equipment with a cost of RMB23,889,000 (for the six months ended June 30, 2016: RMB44,568,000).

Items of property, plant and equipment with a net book value of RMB6,374,000 were disposed of by the Group during the six months ended June 30, 2017 (for the six months ended June 30, 2016: RMB1,367,000).

As at June 30, 2017, certain of the Group's buildings and construction in progress with a net carrying amount of approximately RMB409,111,000 (December 31, 2016: RMB413,877,000) were pledged to secure the Group's bills payable.

## 11. INVENTORIES

	Unaudited June 30, 2017 RMB'000	Audited December 31, 2016 RMB'000
Raw materials	<b>143,990</b>	133,932
Finished goods	<b>69,358</b>	71,068
	<b>213,348</b>	205,000

## 12. TRADE AND BILLS RECEIVABLES

	Unaudited June 30, 2017 RMB'000	Audited December 31, 2016 RMB'000
Trade receivables	211,188	280,667
Impairment	(2,306)	(2,306)
	<b>208,882</b>	278,361
Bills receivable	10,700	1,330
	<b>219,582</b>	279,691

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 the Reporting Period, based on invoice date, is as follows:

	Unaudited June 30, 2017 RMB'000	Audited December 31, 2016 RMB'000
Within 6 months	208,865	278,222
More than 6 months but less than 1 year	-	-
Over 1 year	17	139
	<b>208,882</b>	278,361

## 13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Unaudited June 30, 2017 RMB'000	Audited December 31, 2016 RMB'000
Wealth management products, at fair value	1,671,030	1,411,630
Mutual funds	34,716	–
	<b>1,705,746</b>	1,411,630

The wealth management products were issued by banks with variable interest rates, redeemable on demand or with maturity within 180 days in the PRC. As at June 30, 2017, the Group invested in principal-protected variable income investment products of RMB1,671,030,000 (December 31, 2016: RMB1,411,630,000) and principal-protected fixed income investment products of RMB34,716,000 (December 31, 2016: Nil). As at June 30, 2017, certain of the Group's wealth management products with a carrying amount of RMB208,000,000 (December 31, 2016: RMB464,522,000) were pledged as security for the Group's bills payable.

## 14. TRADE AND BILLS PAYABLES

	Unaudited June 30, 2017 RMB'000	Audited December 31, 2016 RMB'000
Trade payables	1,351,049	1,259,443
Bills payable	1,789,831	2,027,956
Trade and bills payables	<b>3,140,880</b>	3,287,399

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

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

	Unaudited June 30, 2017 RMB'000	Audited December 31, 2016 RMB'000
Within 3 months	2,347,059	1,729,643
3 to 6 months	743,618	1,461,274
6 to 12 months	22,249	58,214
12 to 24 months	27,893	20,077
Over 24 months	61	18,191
	<b>3,140,880</b>	3,287,399

#### 14. TRADE AND BILLS PAYABLES (Continued)

Included in the trade and bills payables are trade payables to the Group's related parties of RMB1,691,000 (December 31, 2016: RMB3,694,000) as at June 30, 2017 and bills payable to the Group's related parties of RMB3,850,000 (December 31, 2016: RMB22,670,000) as at June 30, 2017, 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 17(d).

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

#### 15. SHARE CAPITAL

	Unaudited June 30, 2017	Audited December 31, 2016
Authorized:		
5,000,000,000 ordinary shares of US\$0.00001 each (December 31, 2016: 5,000,000,000 ordinary 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, 2016: 3,000,000,000 ordinary shares of US\$0.00001 each) (US\$'000)	30	30
Equivalent to RMB'000	188	188

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

	Number of issued and fully paid ordinary shares	Equivalent nominal value of shares RMB'000 (Unaudited)	Share premium RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
As at January 1, 2017 and at June 30, 2017	3,000,000,000	188	965,123	965,311

## 16. COMMITMENTS

### (a) Capital commitments

The Group had the following capital commitments at the end of the Reporting Period:

	Unaudited June 30, 2017 RMB'000	Audited December 31, 2016 RMB'000
Contracted, but not provided for property, plant and equipment	17,322	4,736

### (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, 2017 RMB'000	Audited December 31, 2016 RMB'000
Within one year	13,176	6,176
In the second to fifth years, inclusive	28,333	7,187
After five years	25,935	6,233
	67,444	19,596

## 17. 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
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
E-Zebra Intelligent Technology (Beijing) Co., Ltd.	Controlled by the Controlling Shareholders	E-Zebra
Jiangsu Tianmei Architectural Decoration Development Co., Ltd.	Controlling Shareholders have significant influence	Jiangsu Tianmei

## 17. 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, 2017 and June 30, 2016:

		Unaudited	
		For the six months ended June 30, 2017 RMB'000	For the six months ended June 30, 2016 RMB'000
(i)	Purchases of products		
	Wuxi Xingwei	8,276	33,330
	Tianjin Xingwei	4,494	–
	Ningbo Suogao	83	2,543
	Wuxi Daen	–	3,509
	Wuxi Colorful	–	2,333
	Dongguan Hanrun	–	747
		<b>12,853</b>	42,462
The purchases of products were made on terms agreed between the parties.			
(ii)	Sales of products		
	E-Zebra	4,981	–

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



## 17. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

## (c) Due from related parties

## Trade related

## Trade receivables

	Unaudited June 30, 2017 RMB'000	Audited December 31, 2016 RMB'000
E-Zebra	7,615	1,816
Dongguan Hanrun	–	1,850
Wuxi Xingwei	–	6,787
	<b>7,615</b>	<b>10,453</b>

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

## (d) Due to related parties

## Trade related

## Trade payables

	Unaudited June 30, 2017 RMB'000	Audited December 31, 2016 RMB'000
Tianjin Xingwei	903	1,495
Ningbo Suogao	316	670
Wuxi Daen	272	599
Wuxi Colorful	200	200
Jiangsu Tianmei	–	730
	<b>1,691</b>	<b>3,694</b>

## 17. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

## (d) Due to related parties (Continued)

**Bills payable**

	<b>Unaudited June 30, 2017 RMB'000</b>	Audited December 31, 2016 RMB'000
Wuxi Xingwei	3,180	19,370
Tianjin Xingwei	600	2,650
Ningbo Suogao	70	60
Wuxi Daen	–	590
	<b>3,850</b>	22,670

**Advance to customers**

	<b>Unaudited June 30, 2017 RMB'000</b>	Audited December 31, 2016 RMB'000
Wuxi Xingwei	4,838	–
Dongguan Hanrun	1,900	–
	<b>6,738</b>	–

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.

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

	<b>Unaudited</b>	
	<b>For the six months ended June 30, 2017 RMB'000</b>	For the six months ended June 30, 2016 RMB'000
Salaries	1,678	1,571
Pension scheme contribution and social welfare	176	141
	<b>1,854</b>	1,712

## Notes to the Condensed Consolidated Interim Financial Statements

### 18. 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, 2017

#### 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	-	14,683	-	14,683
Trade and bills receivables	-	-	219,582	219,582
Financial assets included in prepayments, deposits and other receivables	-	-	182,857	182,857
Financial assets at fair value through profit or loss	1,705,746	-	-	1,705,746
Pledged bank deposits	-	-	863,700	863,700
Cash and cash equivalents	-	-	1,197,904	1,197,904
	1,705,746	14,683	2,464,043	4,184,472

#### Financial liabilities

	Financial liabilities at amortized cost RMB'000 (Unaudited)
Trade and bills payables	3,140,880
Financial liabilities included in other payables and accruals	106,257
	3,247,137

## 18. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

As at December 31, 2016

**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	–	14,683	–	14,683
Trade and bills receivables	–	–	279,691	279,691
Financial assets included in prepayments, deposits and other receivables	–	–	39,387	39,387
Financial assets at fair value through profit or loss	1,411,630	–	–	1,411,630
Pledged bank deposits	–	–	777,073	777,073
Cash and cash equivalents	–	–	1,801,405	1,801,405
	1,411,630	14,683	2,897,556	4,323,869

**Financial liabilities**

	Financial liabilities at amortized cost RMB'000 (Audited)
Trade and bills payables	3,287,399
Financial liabilities included in other payables and accruals	98,092
	3,385,491

## 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	
	Unaudited June 30, 2017 RMB'000	Audited December 31, 2016 RMB'000
Financial assets at fair value through profit or loss:		
Wealth management products, at fair value	1,671,030	1,411,630
Mutual funds	34,716	–
	<b>1,705,746</b>	1,411,630

	Fair values	
	Unaudited June 30, 2017 RMB'000	Audited December 31, 2016 RMB'000
Financial assets at fair value through profit or loss:		
Wealth management products, at fair value	1,671,030	1,411,630
Mutual funds	34,716	–
	<b>1,705,746</b>	1,411,630

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

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, amounts due from related parties and financial liabilities included in other payables and accruals, trade and bills payables, an amount due to a related party, amounts due to the Controlling Shareholders and interest-bearing bank borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer. At each reporting date, the manager reports directly to the chief financial officer. At each reporting date, the finance department analyzes the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

The fair values of wealth management products included in the financial assets at fair value through profit or loss have been estimated using a discounted cash flow valuation model based on assumptions that are supported by observable market prices or rates. The valuation requires the Directors to make estimates about the expected future cash flows from future proceeds when the investments mature. The Directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated interim statements of financial position, and the related changes in fair values, which are recorded in profit or loss, are reasonable, and that they were the most appropriate values at the end of each of the period.

### 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, 2017			
	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	-	1,671,030	-	1,671,030
Mutual funds	-	34,716	-	34,716
	-	1,705,746	-	1,705,746

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

### Fair value hierarchy (Continued)

	Fair value measurement as at December 31, 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	–	1,411,630	–	1,411,630

During the six months ended June 30, 2017, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

## 20. EVENTS AFTER THE REPORTING PERIOD

There is no material subsequent event undertaken by the Company or by the Group after June 30, 2017.