

XIN POINT HOLDINGS LTD:
TARGET CONTINUES TO
MAINTAIN ITS OPINION OF THIS COMPANY

It may sound pretentious, but **TARGET** () finds it difficult not to toot its own horn in respect of this medium's prognostications with regard to Xin Point Holdings Ltd () (Code: 1571, Main Board, The Stock Exchange of Hongkong Ltd).

On July 11, 2017, contained in **TARGET** Intelligence Report, Volume XIX, Number 149, at Page Nine, this medium stated in definitive terms:

'On paper, at least, it appears that this Company may well be a buying opportunity for well-heeled investors who look to the long-term prospects in which this Company is engaged, but many investors, clearly, do not appear to see this situation as such.'

Well, on August 29, 2017, Xin Point Holdings Ltd brought out its Interim Report, regarding the the First Half financials of the Current Financial Year.

For the six months, ended June 30, 2017, Management announced that the Company's Revenue rose 194,465,000 renminbi to 886,889,000 renminbi, an increase, Year-On-Year, of 28.08 percent.

The Net Profit Attributable to Shareholders rose about 31.37 percent, Year-On-Year, to 175,977,000 renminbi, against 133,952,000 renminbi, recorded in the like period in the 2016 Financial Year.

Had it not been for an amount of 16,633,000 renminbi, being expenses, incurred with regard to the Company's listing on The Stock Exchange of Hongkong Ltd, the Net Profit Attributable to Shareholders would be have increased by a large proportion of this one-off cost.

(Editor's Note: \$HK1.00 = 0.84823 renminbi[RMB])

Shareholders' Funds (Net Assets) came in at 1,823,257,000 renminbi, an increase of 77.37 percent, compared with the figure in respect of the like period in 2016 of 1,027,936,000 renminbi.

An interesting aspect with regard to both the Gross Profit Margin and the Net Profit Margin in respect of the First Half of the Current Financial Year was that they were almost neck-to-neck with the comparable period in the 2016 Financial Year, 42.03 percent (spot on) and 19.84 percent (2016: 19.35 percent), respectively.

As at June 30, 2017, at Page Four of the Interim Results, under the Condensed Consolidated Statement of Financial Position, it is shown that the Company had cash and bank balances, amounting to 855,710,000 renminbi (2016: 229,648,000 renminbi).

And the very material amount of money with regard to June 30, 2017, did not include the \$HK804 million (about 681.98 million renminbi), derived from the Company's sales of its 250 million, 10-cent Shares at its Global Offering of June 16, 2017.

However, life for Management of Xin Point Holdings Ltd had not been all beer and skittles, during the First Half of the Current Financial Year, as was made apparent in another Company announcement, dated August 31, 2017.

The gist of this announcement was that Management had hit a crab with regard to the renovation of its proposed Kinport Plant.

The following is a verbatim copy of the relevant part of this announcement:

*'It was disclosed in the "Business" section of the Prospectus – the Global Offering Prospectus, dated June 16, 2017 – that the Group expected to finish the relocation of its plants and equipment on the Tianjin Wuqing Land to the Kinport Plant (the "**Relocation**") by the end of August 2017.*

'The Board would like to update the Shareholders that during the renovation of the Kinport Plant and the installation of production equipment, the management of the Group has identified surface subsidence problems with the foundation of the original leased blocks of production factory and therefore, the Group has negotiated with the Kinport Landlord and the Kinport Landlord has agreed to cancel the original Kinport Lease Agreement.

*'As a result, the Group has incorporated a new subsidiary in Tianjin, Tianjin Xin Point Plastic Surface Treatment Company Limited () ("**Tianjin Xin Point**") to negotiate with the Kinport Landlord for a new lease (the "**New Lease**") for the new blocks of production factory. The Group intends to enter into the New Lease with the Kinport*

Landlord and will file necessary applications to relevant authorities for the acceptance and inspection of the Group's relocated electroplating production lines.

'Hence, there will be further delay of the Relocation and the Group estimates that the Relocation will be completed by the end of the first quarter of 2018.

'Having considered that the actual production volume of the electroplating plant on the Tianjin Wuqing Land in the first half of 2017 only accounted for approximately 4% of the Group's total production, the Directors are of the view that the delay of the Relocation would not have any material financial or operational impact on the Group...'

Reverting to the Interim Announcement of Xin Point Holdings Ltd, dated August 29, 2017, under the heading of '**MANAGEMENT DISCUSSION AND ANALYSIS**', located at Pages 11 through to 23, it is stated, inter alia:

'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.*

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