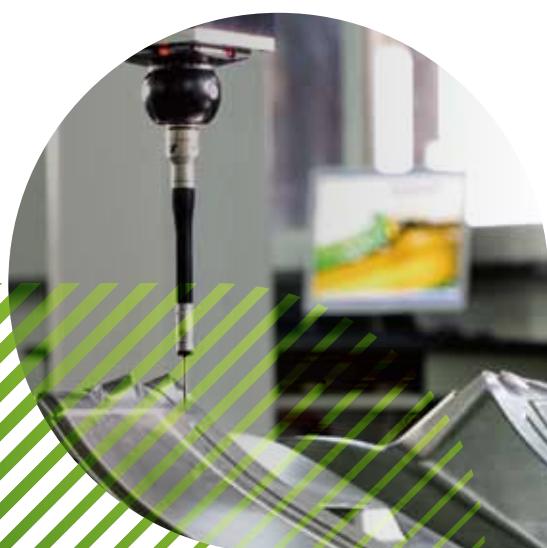


Huazhong In-Vehicle Holdings Company Limited 華眾車載控股有限公司

(incorporated in the Cayman Islands with limited liability)

Stock code: 6830



2019
Interim Report



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Zhou Minfeng (*Chairman and Chief Executive Officer*)
Mr. Chang Jingzhou

Non-executive Directors

Ms. Lai Cairong
Mr. Wang Yuming
Mr. Guan Xin
Mr. Yu Zhuoping

Independent non-executive Directors

Mr. Wong Luen Cheung Andrew (*Vice-chairman*)
Mr. Yu Shuli
Mr. Tian Yushi
Mr. Xu Jiali
Mr. Wu Bichao

AUDIT COMMITTEE

Mr. Yu Shuli (*Chairman*)
Mr. Tian Yushi
Mr. Xu Jiali

REMUNERATION COMMITTEE

Mr. Yu Shuli (*Chairman*)
Mr. Zhou Minfeng
Mr. Tian Yushi

NOMINATION COMMITTEE

Mr. Zhou Minfeng (*Chairman*)
Mr. Yu Shuli
Mr. Tian Yushi

JOINT COMPANY SECRETARIES

Mr. Cheung Wah Lung Warren (*AICPA, ACS*)
Ms. Ho Wing Yan (*ACIS, ACS(PE)*)

AUTHORISED REPRESENTATIVES

Mr. Zhou Minfeng
Mr. Cheung Wah Lung Warren (*AICPA, ACS*)

REGISTERED OFFICE

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

HEADQUARTERS IN CHINA

No. 104 Zhenan Road
Xizhou Town
Xiangshan County
Zhejiang Province
China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 19, 36th Floor, China Merchants Tower
Shun Tak Centre
Nos. 168-200 Connaught Road Central
Hong Kong

PRINCIPAL BANKERS

Bank of China
Agricultural Bank of China

LEGAL ADVISER AS TO HONG KONG LAW

Hui & Lam Solicitors LLP

AUDITOR

Ernst & Young

SHARE REGISTRARS

Principal Share Registrar and Transfer Office in the Cayman Islands

SMP Partners (Cayman) Limited
Royal Bank House - 3rd Floor,
24 Shedden Road, P.O. Box 1586,
Grand Cayman, KY1-1110,
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

LISTING EXCHANGE INFORMATION

The Stock Exchange of Hong Kong Limited
Main Board

STOCK CODE

6830

COMPANY WEBSITE

www.cn-huazhong.com

BUSINESS AND MARKET REVIEW

The Group is principally engaged in the manufacture and sale of automotive internal and external structural and decorative parts, moulds and tooling, casings and liquid tanks of air conditioners or heaters and other non-automotive products.

In the first half of 2019, the China's automobile industry has suffering a downturn. According to the statistics from China Association of Automobile Manufacturers, over 12.13 million vehicles were manufactured and over 12.32 million vehicles were sold in the first half of 2019, representing a decrease of 13.7% and 12.4%, respectively.

The sales volume of the top ten automobile manufacturers reached approximately 9.16 million units during the first five months of 2019, accounting for 89.15% of the overall vehicle sales in China. As a tier-one supplier with scalable production capacity and strong research and development (the "R&D") capability, the Group has established long-term business relationships with many of these leading players in the market. The solid partnership with industry leaders has provided a strong foothold for the Group to capture the growth of the automobile industry.

For the six months ended 30 June 2019, the Group's revenue was approximately RMB919,456,000, representing a decrease of approximately 5.8% as compared to approximately RMB975,675,000 for the six months ended 30 June 2018. Profit attributable to the owners of the parent for the six months ended 30 June 2019 was approximately RMB48,709,000, representing a decrease of approximately 27.8% as compared to RMB67,465,000 for the six months ended 30 June 2018.

FINANCIAL REVIEW

Revenue

The revenue of the Group was primarily derived from five categories of products:

- (i) automotive interior and exterior structural and decorative parts;
- (ii) moulds and tooling;
- (iii) casings and liquid tanks of air conditioners and heaters;
- (iv) non-automotive products; and
- (v) sale of raw materials.

	For the six months ended 30 June			
	2019		2018	
	Revenue (Unaudited) RMB'000	Gross profit margin %	Revenue (Unaudited) RMB'000	Gross profit margin %
Automotive interior and exterior structural and decorative parts	656,053	31.8	738,055	30.9
Moulds and tooling	153,638	11.5	104,005	11.0
Casings and liquid tanks of air conditioners and heaters	40,616	13.5	58,627	13.0
Non-automotive products	26,475	45.6	23,882	38.9
Sale of raw materials	42,674	5.1	51,106	5.2
Total	919,456	26.8	975,675	26.5

For the six months ended 30 June 2019, the total revenue generated from automotive interior and exterior structural and decorative parts was RMB656,053,000 (the six months ended 30 June 2018: RMB738,055,000), accounting for 71.4% of the Group's total revenue for the six months ended 30 June 2019 (the six months ended 30 June 2018: 75.6%). Gross profit margin increased slightly from 30.9% for the six months ended 30 June 2018 to 31.8% for the six months ended 30 June 2019. The decline in revenue was mainly due to the reduce in sales order as a result from the sluggish of the automotive markets.

For the six months ended 30 June 2019, revenue from moulds and tooling was RMB153,638,000 (the six months ended 30 June 2018: RMB104,005,000), accounting for 16.7% of the Group's total revenue for the six months ended 30 June 2019 (the six months ended 30 June 2018: 10.7%). Gross profit margin increased slightly from 11.0% for the six months ended 30 June 2018 to 11.5% for the six months ended 30 June 2019. During the period, the increase in revenue from moulds and tooling was mainly due to the increase demand of moulds and tooling for new car models from the customers.

For the six months ended 30 June 2019, revenue from casings and liquid tanks of air conditioners and heaters was RMB40,616,000 (the six months ended 30 June 2018: RMB58,627,000), accounting for 4.4% of the Group's total revenue for the six months ended 30 June 2019 (the six months ended 30 June 2018: 6.0%). Gross profit margin increased slightly from 13.0% for the six months ended 30 June 2018 to 13.5% for the six months ended 30 June 2019.

For the six months ended 30 June 2019, revenue from non-automotive products was RMB26,475,000 (the six months ended 30 June 2018: RMB23,882,000), accounting for 2.9% of the Group's total revenue for the six months ended 30 June 2019 (the six months ended 30 June 2018: 2.4%). Gross profit margin increased from 38.9% for the six months ended 30 June 2018 to 45.6% for the six months ended 30 June 2019. The increase in gross profit margin was mainly due to the increase in demand of certain products with higher gross margin.

For the six months ended 30 June 2019, revenue from sale of raw materials was RMB42,674,000 (the six months ended 30 June 2018: RMB51,106,000), accounting for 4.6% of the Group's total revenue for the six months ended 30 June 2019 (the six months ended 30 June 2018: 5.2%). The gross profit margin remained stable of around 5.1% for the six months ended 30 June 2019 (the six months ended 30 June 2018: 5.2%).

For the six months ended 30 June 2019, the overall gross profit margin increased slightly to 26.8% (the six months ended 30 June 2018: 26.5%).

Other Income and Gains

Other income and gains of the Group for the six months ended 30 June 2019 amounted to RMB17,186,000 (the six months ended 30 June 2018: RMB8,526,000), representing an increase of approximately 101.6% as compared to the six months ended 30 June 2018. The increase was mainly due to the increase in rental income, government grants, dividend received from equity investments and management fee income.

Selling and Distribution Expenses

The Group's selling and distribution expenses for the six months ended 30 June 2019 amounted to approximately RMB60,857,000, representing a decrease of approximately 7.6% as compared to RMB65,859,000 in the six months ended 30 June 2018. The decrease was mainly due to the decreases in packing and transportation expenses as a result of the decrease in sales volume.

Administrative Expenses

The Group's administrative expenses for the six months ended 30 June 2019 amounted to approximately RMB125,093,000, representing an increase of approximately 14.3% as compared to RMB109,476,000 in the six months ended 30 June 2018. This was mainly attributable to the increase of salary and welfare, R&D expense and professional service fee during the period.

Share of Profits of Joint Ventures

During the six months ended 30 June 2019, the Group recorded RMB7,142,000 of the share of profits of joint ventures, while a share of profits of joint ventures of RMB13,211,000 was recorded for the six months ended 30 June 2018.

Finance Income

The Group's finance income increased slightly by approximately 2.9% from approximately RMB2,394,000 for the six months ended 30 June 2018 to approximately RMB2,464,000 for the six months ended 30 June 2019. The increase in finance income was mainly attributable to the increase in cash and bank balance.

Finance Costs

The Group's finance costs increased from approximately RMB18,864,000 for the six months ended 30 June 2018 to approximately RMB20,930,000 for the six months ended 30 June 2019, representing an increase of approximately 11.0%. The increase in finance costs was mainly due to the increase in bank and other borrowings during the six months ended 30 June 2019.

Taxes

The Group's tax expenses decreased by approximately 35.0% from approximately RMB18,807,000 for the six months ended 30 June 2018 to approximately RMB12,220,000 for the six months ended 30 June 2019. The decrease was mainly due to the decrease in taxable profits in the six months ended 30 June 2019 as compared to the six months ended 30 June 2018.

Liquidity and Financial Resources

For the six months ended 30 June 2019, the net cash used in operating activities amounted to approximately RMB52,000 (the six months ended 30 June 2018: net cash generated from operating activities approximately RMB96,932,000).

The net cash used in investing activities amounted to approximately RMB116,323,000 (the six months ended 30 June 2018: net cash used in investing activities of approximately RMB118,435,000) and the net cash flow generated from financing activities amounted to approximately RMB127,747,000 (the six months ended 30 June 2018: net cash flow generated from financing activities of approximately RMB47,400,000). The cash used in investing activities was mainly attributable to the payment for purchase of property, plant and machinery and right-of-use assets. The net cash generated from financing activities was mainly attributable to bank loans.

As a result of the cumulative effect described above, the Group recorded a net cash inflow of approximately RMB11,372,000 for the six months ended 30 June 2019 (the six months ended 30 June 2018: net cash inflow of approximately RMB25,897,000).

As at 30 June 2019, the Group's cash and cash equivalents (including cash and bank deposits) amounted to approximately RMB90,124,000 (31 December 2018: approximately RMB78,752,000).

As at 30 June 2019, the Group's interest-bearing bank and other borrowings of the Group were approximately RMB934,095,000 (31 December 2018: approximately RMB797,800,000), among of which, approximately RMB743,471,000 would be due within one year (31 December 2018: approximately RMB629,664,000). The borrowings of the Group were subject to interests payable at rates ranging from 2.85% to 5.23% per annum. The Board of the Company expects that the bank borrowings will either be repaid by internally generated funds or rolled over upon maturity and will continue to provide funding to the Group's operations.

Capital Commitments

As at 30 June 2019, the Group had capital commitments amounting to approximately RMB197,680,000 (31 December 2018: approximately RMB156,941,000) for the acquisition of property, plant and equipment.

Foreign Exchange Exposure

The sales and purchases of the Group are mainly denominated in Renminbi ("RMB") and Euro. The cash and cash equivalents of the Group are mainly denominated in RMB, Hong Kong dollars and Euro. The borrowings are denominated in RMB, Hong Kong dollars and Euro. Since the Group's exposure to fluctuations in foreign exchange rates was immaterial, the Group has not implemented any foreign currency hedging policy at the moment. However, the management will closely monitor the foreign exchange exposure of the Group and will consider hedging against any foreign exchange risk if such becomes significant to the Group.

Capital Structure

The total number of issued and fully paid ordinary shares of the Company as at 30 June 2019 was 1,769,193,800.

Contingent Liabilities

As at 30 June 2019, the Group had no significant contingent liabilities (31 December 2018: Nil).

Pledge of Assets

As at 30 June 2019, the Group's assets of approximately RMB185,073,000 (31 December 2018: approximately RMB213,489,000) were pledged to secure some of the Group's interest-bearing bank and other borrowings. The book values of the pledged assets are set out below:

	30 June 2019 (Unaudited) RMB'000	31 December 2018 (Audited) RMB'000
Property, plant and equipment	10,364	16,643
Investment properties	2,009	2,133
Right-of-use assets	47,300	—
Prepaid land lease payments	—	47,796
Pledged deposits	125,400	146,917
Total	185,073	213,489

Gearing Ratio

As at 30 June 2019, the Group's gearing ratio was approximately 67.3% (31 December 2018: 66.6%). The gearing ratio is derived by dividing net liabilities (including interest-bearing and other bank borrowings, trade and notes payables, other payables and accruals, and payables to related parties and the ultimate controlling shareholder less cash and cash equivalents) by total capital (including equity attributable to owners of the parent company) plus net liabilities at the end of the period under review.

Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures and Future Plans for Material Investments or Capital Assets

During the six months ended 30 June 2019, the Group did not have any significant investments or material acquisition or disposal of subsidiaries, associates and joint ventures. There was no plan authorised by the Board for any material investments or additions of capital assets as at the date of this interim report.

Employees and Remuneration Policies

As at 30 June 2019, the Group had 3,416 employees (30 June 2018: 3,286). Total staff costs of the Group (excluding Directors' and chief executive's remuneration) for six months ended 30 June 2019 was approximately RMB129,640,000 (the six months ended 30 June 2018: approximately RMB113,540,000). The Group's remuneration policies were in line with relevant legislation, market conditions and the performance of our employees.

Events After the Reporting Period

There is no material subsequent event undertaken by the Group after 30 June 2019 and up to the date of this report.

PROSPECT

In the first half of 2019, China's auto market was sluggish, however, moving towards to the second half, there are signs of stabilization. Following the impacts led by the enforcement of the new National VI emission standards and the purchase tax subsidies cuts for new energy vehicles, the Group is optimistic that the sales of passenger vehicles will stabilize in next few months, along with the easing inventory pressure in the sales channels and the traditional peak season for car purchase in September and October. Particularly, luxury brands and joint-venture (“JV”) brands with international brands, which have been outperforming in the market, are expected to maintain their growth momentum. The Group believes that China's auto market has strong fundamentals. The ongoing transformation and optimization of the industry structure will take the auto market to a higher quality development.

As one of the leading automobile body parts manufacturers in China, the Group continues to seize opportunities in the enormous market. With its solid and stable business relationships with a number of luxury and JV car makers in China, and its efforts in penetrating into the new energy vehicle segment, the Group's order book is developing steadily. The Group's newly built production bases in 2018 and 2019 will continue to ramp up and support news orders, thus enhancing the overall production efficiency.

Clinging to the trend of the environmental-friendly development in the auto industry, the Group has been one of the benchmarking enterprises of lightweight solutions in China, promoting plastics to replace steel for energy saving. The Group will never stop investing in research and development to stay at the forefront of plastic lightweight technology and product innovations for auto body parts, bringing customers the best solutions, thus creating sustainable returns for shareholders.

Forward Looking Statements

This management discussion and analysis contains certain forward looking statements with respect to the financial condition, results of operations and business of the Group. These forward looking statements represent the Company's expectations or beliefs concerning future events and involve known and unknown risks and uncertainty that could cause actual results, performance or events to differ materially from those expressed or implied in such statements.

Forward looking statements involve inherent risks and uncertainties. Readers including shareholders and investors should be cautioned that a number of factors could cause actual results to differ, in some instances materially, from those anticipated or implied in any forward looking statement.

CORPORATE GOVERNANCE CODE

The Company has adopted the code provisions prescribed in the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) as the code of the Company.

The Board is of the view that the Company has complied with all applicable code provisions set out in the CG Code throughout the six months ended 30 June 2019.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the “**Model Code**”) as the code of conduct governing dealings by all the Directors in the securities of the Company. Specific enquiries have been made with all Directors, who have confirmed that, during the six months ended 30 June 2019, they were in compliance with the required provisions set out in the Model Code.

UPDATES ON DIRECTORS’ INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes of information of the Directors are as follows:

Mr. Zhou Minfeng, the chairman of the Board and an executive Director, has been appointed as the chief executive officer of the Company with effect from 31 July 2019.

The appointment letter of Ms. Lai Cairong, a non-executive Director, has been renewed for a term of three years commencing from 27 May 2019 to 26 May 2022.

The appointment letter of Mr. Wang Yuming, a non-executive Director, has been renewed for a term of three years commencing from 27 May 2019 to 26 May 2022.

The appointment letter of Mr. Wu Bichao, an independent non-executive Director, has been renewed for a term of one year commencing from 27 May 2019 to 26 May 2020.

DIRECTORS’ AND CHIEF EXECUTIVE’S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2019, the Directors and the chief executive of the Company had the following interests or short positions in the shares (the “**Shares**”), underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “**SFO**”) which have been notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO, including interests and short positions which the Directors and the chief executive of the Company are taken and deemed to have under such provisions of the SFO, or which are required to be and are recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code:

Long positions in the Company

Name of Director	Capacity/ Nature of interest	Number of Shares	Approximate percentage of the issued Shares
Mr. Zhou Minfeng	Interests of controlled corporation ⁽¹⁾	1,320,000,000	74.61%
	Spouse's interest	1,100,000 ⁽²⁾	0.06%
Mr. Chang Jingzhou	Beneficial owner	840,400	0.05%
Mr. Wong Luen Cheung Andrew	Beneficial owner	2,000,000	0.11%

Notes:

- (1) Mr. Zhou Minfeng is deemed to be interested in Shares held by Huayou Holdings Company Limited (“**Huayou Holdings**”) by virtue of Huayou Holdings being wholly-owned by Mr. Zhou Minfeng.
- (2) Ms. Chen Chun'er, the spouse of Mr. Zhou Minfeng, has interest in 1,100,000 Shares. Therefore, Mr. Zhou Minfeng is deemed to be interested in Ms. Chen Chun'er's Shares.

Save as disclosed above, as at 30 June 2019, none of the Directors or the chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which had been recorded in the register maintained by the Company pursuant to Section 352 of the SFO or which had been notified to the Company and the Stock Exchange pursuant to the Model Code.

At no time was the Company, its holding company, or any of its subsidiaries a party to any arrangements to enable the Directors and the chief executive of the Company (including their spouse and children under 18 years of age) to hold any interest or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO).

SHARE OPTION SCHEME

Share Option Scheme

The Company adopted a share option scheme (the “**Share Option Scheme**”) on 15 December 2011 for the purpose of giving certain eligible persons an opportunity to have a personal stake in the Company and motivating them to optimize their future performance and efficiency to the Group and/or rewarding them for their past contributions, and attracting and retaining, or otherwise maintaining on-going relationships with, such eligible persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group.

There were no outstanding options, and there were no options granted, exercised, lapsed or cancelled pursuant to the Share Option Scheme during the six months ended 30 June 2019 and as at the date of this report.

ARRANGEMENT FOR DIRECTORS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed in "Share Option Schemes" above, at no time during the six months ended 30 June 2019 were rights to acquire benefits by means of the acquisition of Shares or debentures of the Company granted to any Director or their respective spouses or minor children, or were such rights exercised by them, or was the Company, its holding company or any of its subsidiaries a party to any arrangements which enable the Directors of the Company to acquire benefits by means of the acquisition of Shares in, or debt securities (including debentures) of the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

So far as is known to any Director or the chief executive of the Company, as at 30 June 2019, the persons or corporations (other than Director or the chief executive of the Company) who had interests or short positions in the Shares and underlying Shares which were required to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under Section 336 of the SFO were as follows:

Long positions in the Company

Name	Capacity/Nature of Interest	Number of Shares	Approximate percentage of the issued Shares
Huayou Holdings ⁽¹⁾	Beneficial owner	1,320,000,000	74.61%
Chen Chun'er ⁽²⁾	Beneficial owner	1,100,000	0.06%
	Spouse's interest	1,320,000,000 ⁽³⁾	74.61%

Notes:

(1) Huayou Holdings is wholly-owned by Mr. Zhou Minfeng.

(2) Spouse of Mr. Zhou Minfeng.

(3) Shares held by Huayou Holdings, in which Mr. Zhou Minfeng is deemed to be interested by virtue of Huayou Holdings being wholly-owned by Mr. Zhou Minfeng.

Save as disclosed above, as at 30 June 2019, the Directors and the chief executive of the Company are not aware of any other person or corporation having an interest or short position in the Shares and underlying Shares which would require disclosure to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

Direct or indirect interests in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group:

Name	Shareholder	Approximate percentage of shareholding
Shanghai Huaxin	Shanghai Automobile Air Conditioner Factory* (上海汽車空調器廠)	30%
Shanghai Huaxin	Shanghai Beicai Industrial Co., Ltd. (上海北蔡工業有限公司)	19%
Changxing Huaxin Automobile Latex and Plastic Co., Ltd ("Changxing Huaxin") ⁽¹⁾	Shanghai Automobile Air Conditioner Factory* (上海汽車空調器廠)	30%
Changxing Huaxin ⁽¹⁾	Shanghai Beicai Industrial Co., Ltd. (上海北蔡工業有限公司)	19%

Note:

- (1) Shanghai Automobile Air Conditioner Factory* (上海汽車空調器廠) and Shanghai Beicai Industrial Co., Ltd. (上海北蔡工業有限公司) directly hold 30% and 19% interests in Shanghai Huaxin, respectively. Changxing Huaxin is wholly-owned by Shanghai Huaxin and as a result, Shanghai Automobile Air Conditioner Factory* (上海汽車空調器廠) and Shanghai Beicai Industrial Co., Ltd. (上海北蔡工業有限公司) also indirectly hold 30% and 19% interests in Changxing Huaxin, respectively.

Save as disclosed above, as at 30 June 2019, the Directors and the chief executive of the Company are not aware of any other person or corporation who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

TERM LOAN FACILITY AND SPECIFIC PERFORMANCE OBLIGATION

In accordance with the continuing obligation set out in Rule 13.21 of the Listing Rules, the following are the details of the loan agreement with covenants relating to specific performance on the controlling shareholders of the Company as at the date of this report pursuant to Rule 13.18 of the Listing Rules thereof.

On 16 August 2018, the Company, as a borrower entered into a facility agreement (the “**Facility Agreement**”) relating to term loan facilities of HKD26,000,000 (the “**Loan 1**”), HKD99,500,000 (the “**Loan 2**”) and HKD11,000,000 (the “**Loan 3**”), with a total amount of HKD136,500,000 in total with a licensed bank in Hong Kong (the “**Bank**”). The final maturity date of the Loan 1 shall be the date falling 2 years from draw down date. The final maturity date of the Loan 2 shall be the date falling 3 years from the draw down date. The final maturity date of the Loan 3 shall be the date falling 1 year from the draw down date.

Pursuant to the Facility Agreement, Mr. Zhou (a) will remain as a Director and the chairman of the Company and maintain control over the management and business of the Company and its subsidiaries at any time; (b) shall (directly or indirectly) (i) hold no less than 50% equity interests in the Company and (ii) remain the single largest shareholder of the Company at any time; and (c) shall remain as a member of the Board.

As at the date of this report, Mr. Zhou indirectly owned approximately 74.67% of the issued share capital of the Company.

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) consists of three members, namely Mr. Yu Shuli (chairman), Mr. Tian Yushi and Mr. Xu Jiali, all of them were the independent non-executive Directors. The primary duties of the Audit Committee are to review and supervise the financial reporting process, risk management and internal control systems of the Group.

Disclosure of financial information in this report complies with Appendix 16 of the Listing Rules. The Audit Committee has provided supervision over the Group’s financial reporting process. The Audit Committee has reviewed the accounting standards and practices adopted by the Group and discussed the auditing and financial reporting matters, including the review of the interim results of the Group for the six months ended 30 June 2019. The Audit Committee has reviewed the interim results of the Group for the six months ended 30 June 2019 and is of the view that the announcement of interim results for the six months ended 30 June 2019 is prepared in accordance with applicable accounting standards, rules and regulations and appropriate disclosures have been duly made.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2019.

INTERIM DIVIDENDS

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2019 (the six months ended 30 June 2018: HK0.4367 cent (equivalent to RMB0.3810 cent)).



APPRECIATION

The chairman of the Board would like to take this opportunity to thank his fellow Directors for their invaluable advices and guidance, and to each and everyone of the staff of the Group for their hard work and loyalty to the Group.

On behalf of the Board

Zhou Minfeng

Chairman and Chief Executive

Zhejiang, the PRC, 29 August 2019

** For identification purposes only*

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2019

	Notes	For the six months ended 30 June	
		2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
REVENUE	4	919,456	975,675
Cost of sales		(673,255)	(716,752)
Gross profit		246,201	258,923
Other income and gains	4	17,186	8,526
Selling and distribution expenses		(60,857)	(65,859)
Administrative expenses		(125,093)	(109,476)
Impairment losses on financial assets, net		(201)	—
Other expenses		(2,942)	(2,661)
Share of profits of joint ventures		7,142	13,211
Finance income	5	2,464	2,394
Finance costs	6	(20,930)	(18,864)
PROFIT BEFORE TAX	7	62,970	86,194
Income tax expense	8	(12,220)	(18,807)
PROFIT FOR THE PERIOD		50,750	67,387
Attributable to:			
Owners of the parent		48,709	67,465
Non-controlling interests		2,041	(78)
		50,750	67,387
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (expressed in RMB per share)	10		
Basic and diluted			
— For profit for the period		RMB0.0275	RMB0.0381

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2019

	For the six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
PROFIT FOR THE PERIOD	50,750	67,387
OTHER COMPREHENSIVE INCOME		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(464)	(293)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	(464)	(293)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	17,281	—
Income tax effect	(4,321)	—
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	12,960	—
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	12,496	(293)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	63,246	67,094
Attributable to:		
Owners of the parent	61,205	67,172
Non-controlling interests	2,041	(78)
	63,246	67,094

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Notes	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	11	815,316	730,316
Investment properties	12	44,032	44,663
Right-of-use assets		243,182	—
Prepaid land lease payments		—	215,217
Intangible assets		7,024	7,224
Investments in joint ventures	13	168,033	163,892
Prepayments for acquiring property, plant and equipment		60,158	56,063
Equity investments designated at fair value through other comprehensive income	14	56,606	39,325
Deferred tax assets		11,637	11,345
Total non-current assets		1,405,988	1,268,045
CURRENT ASSETS			
Inventories	15	430,546	409,974
Trade and notes receivables	16	763,314	712,983
Prepayments and other receivables		270,212	241,755
Debt investment at fair value through profit or loss		—	30,510
Due from related parties	20(c)	95,811	85,017
Pledged deposits		226,559	215,004
Cash and cash equivalents		90,124	78,752
Total current assets		1,876,566	1,773,995

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Notes	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
CURRENT LIABILITIES			
Trade and notes payables	17	921,651	848,432
Other payables and accruals		231,753	246,856
Interest-bearing bank and other borrowings	18	743,471	629,664
Due to the ultimate controlling shareholder	20(c)	1,026	1,110
Due to related parties	20(c)	50,712	67,819
Income tax payable		48,145	47,860
Total current liabilities		1,996,758	1,841,741
NET CURRENT LIABILITIES		(120,192)	(67,746)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,285,796	1,200,299
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	18	190,624	168,136
Government grants		13,053	8,681
Deferred tax liabilities		43,613	41,092
Total non-current liabilities		247,290	217,909
Net assets		1,038,506	982,390
EQUITY			
Equity attributable to owners of the parent			
Issued capital		142,956	142,956
Reserves		854,295	800,220
		997,251	943,176
Non-controlling interests		41,255	39,214
Total equity		1,038,506	982,390

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

	Attributable to owners of the parent										Total equity RMB'000
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Statutory reserve funds RMB'000	Merger reserve RMB'000	Exchange fluctuation reserve RMB'000	Financial investments revaluation reserve RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	
As at 1 January 2019 (audited)	142,956	8,157*	5,759*	64,318*	88,278*	(1,314)*	1,988*	633,034*	943,176	39,214	982,390
Profit for the period	—	—	—	—	—	—	—	48,709	48,709	2,041	50,750
Other comprehensive income for the period:											
Exchange differences on translation of foreign operations	—	—	—	—	—	(464)	—	—	(464)	—	(464)
Changes in fair value of equity investment designated at fair value through other comprehensive income, net of tax	—	—	—	—	—	—	12,960	—	12,960	—	12,960
Total comprehensive income for the period	—	—	—	—	—	(464)	12,960	48,709	61,205	2,041	63,246
Final 2018 dividends	—	(7,130)	—	—	—	—	—	—	(7,130)	—	(7,130)
Transfer to statutory reserve funds and discretionary surplus reserve	—	—	—	974	—	—	—	(974)	—	—	—
As at 30 June 2019 (unaudited)	142,956	1,027*	5,759*	65,292*	88,278*	(1,778)*	14,948*	680,769*	997,251	41,255	1,038,506
As at 1 January 2018 (audited)	142,956	8,157*	14,268*	58,804*	88,278*	(1,350)*	—*	506,547*	817,660	36,914	854,574
Profit for the period	—	—	—	—	—	—	—	67,465	67,465	(78)	67,387
Other comprehensive income for the period:											
Exchange differences on translation of foreign operations	—	—	—	—	—	(293)	—	—	(293)	—	(293)
Total comprehensive income for the period	—	—	—	—	—	(293)	—	67,465	67,172	(78)	67,094
Transfer to statutory reserve funds	—	—	—	3,315	—	—	—	(3,315)	—	—	—
As at 30 June 2018 (unaudited)	142,956	8,157*	14,268*	62,119*	88,278*	(1,643)*	—*	570,697*	884,832	36,836	921,668

* These reserve accounts comprise the consolidated reserves of RMB854,295,000 (31 December 2018: RMB800,220,000) in the consolidated statement of financial position.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

	Notes	For the six months ended 30 June	
		2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Cash flows from operating activities:			
Profit before tax		62,970	86,194
Adjustments for:			
Finance costs	6	20,930	18,864
Share of profits of joint ventures		(7,142)	(13,211)
Interest income	5	(2,464)	(2,394)
Gain on disposal of an associate	4	—	(547)
Gain on disposal of items of property, plant and equipment	4	(1,178)	(519)
Release of government grants		(563)	(407)
Depreciation of property, plant and equipment		44,516	38,019
Depreciation of right-of use assets		5,017	—
Amortisation of prepaid land lease payments		—	2,488
Depreciation of investment properties		1,266	1,254
Amortisation of intangible assets		721	479
Write-down of inventories to net realisable value		—	161
Impairment of trade receivables recognised/(reversed)	7	201	(1,500)
		124,274	128,881
Increase in inventories		(17,571)	(20,547)
(Increase)/decrease in trade and notes receivables		(50,532)	11,439
Increase in prepayments and other receivables		(32,811)	(68,693)
Increase in amounts due from related parties		(10,794)	(25,735)
Increase in trade and notes payables		73,219	84,208
Increase/(decrease) in other payables and accruals		(21,559)	23,819
Decrease in amounts due to related parties		(17,107)	(805)
Increase in pledged deposits		(33,072)	(5,806)
Decrease in amounts due to the ultimate shareholder		(84)	(1,040)
Cash generated from operations		13,963	125,721
Income tax paid		(14,015)	(28,789)
Net cash flows (used in)/generated from operating activities		(52)	96,932

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

	Notes	For the six months ended 30 June	
		2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Cash flows from investing activities:			
Interest received	5	2,464	2,394
Prepayments and purchases of items of property, plant and equipment		(160,967)	(79,964)
Prepayments for right-of-use assets		(19,839)	—
Purchases of items of prepaid land lease payments		—	(26,897)
Purchases of items of intangible assets		(505)	(628)
Proceeds from disposal of items of property, plant and equipment		26,943	1,004
Purchases of financial assets at fair value through other comprehensive income		—	(17,820)
Deregistration of associates		—	19,080
Receipt of government grants for property, plant and equipment		5,071	—
Proceeds from expiration of financial assets at fair value through profit or loss		30,510	—
Increase in non-pledged time deposits with original maturity of three months or more when acquired		—	(15,604)
Net cash flows used in investing activities		(116,323)	(118,435)
Cash flows from financing activities:			
New bank loans		319,318	265,633
Repayment of bank loans		(189,911)	(197,882)
Principal portion of lease payment		(2,457)	—
Interest paid		(20,720)	(18,864)
Decrease/(increase) in pledged deposits		21,517	(1,487)
Net cash flows generated from financing activities		127,747	47,400
Net increase in cash and cash equivalents		11,372	25,897
Cash and cash equivalents at beginning of the period		78,752	27,764
Cash and cash equivalents at end of the period		90,124	53,661
Analysis of balances of cash and cash equivalents			
Cash and cash equivalents as stated in the consolidated statement of cash flows		90,124	53,661
Cash and bank balances		90,124	53,661
Non-pledged time deposits with original maturity of three months or more when acquired		—	84,639
Cash and cash equivalents as stated in the consolidated statement of financial position		90,124	138,300



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2019

1. CORPORATE INFORMATION

Huazhong In-Vehicle Holdings Company Limited (the “**Company**”) is a limited liability company incorporated in the Cayman Islands on 3 December 2010. The registered office address of the Company is Cricket Square, Hutchins Drive, PO BOX 2681, Grand Cayman, KY1-1111, Cayman Islands. The shares of the Company were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 12 January 2012 (the “**Listing Date**”).

The Company is an investment holding company. During the six months ended 30 June 2019, the Company and its subsidiaries (collectively referred to as the “**Group**”) were engaged in the manufacture and sale of automotive internal and external structural and decorative parts, moulds and tooling, casing and liquid tanks of air conditioning or heater units and other non-automotive products.

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2019 have been prepared in accordance with International Accounting Standard (“**IAS**”) 34 “*Interim Financial Reporting*”.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2018.

Going concern basis

Notwithstanding that the Group had consolidated net current liabilities of RMB120,192,000 as at 30 June 2019, the consolidated financial information have been prepared by the directors of the Company on a going concern basis.

In order to improve the Group’s financial position, the directors of the Company have the following measures:

- (i) As at 30 June 2019, the Group had unutilised credit facilities from banks of approximately RMB1,049,625,000; and
- (ii) The directors continue to take action to tighten cost controls over various operating expenses, and are actively seeking new investment and business opportunities with an aim to attaining profitable and positive cash flow operations;

In the opinion of the directors of the Company, in light of the measures taken to date, together with the expected results of other measures in progress, it is appropriate to prepare the consolidated financial information on a going concern basis, notwithstanding the Group’s financial and liquidity positions at 30 June 2019.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of new and revised International Financial Reporting Standards ("IFRSs") effective as of 1 January 2019.

Amendments to IFRS 9	<i>Prepayment Features with Negative Compensation</i>
IFRS 16	<i>Leases</i>
Amendments to IFRS 19	<i>Plan Amendment, Curtailment or Settlement</i>
Amendments to IFRS 28	<i>Long-term Interests in Associates and Joint Ventures</i>
IFRIC-23	<i>Uncertainty over Income Tax Treatments</i>
<i>Annual Improvements</i> <i>2015-2017 Cycle</i>	Amendments to IFRS 3, IFRS 11, IFRS 12 and IAS 23

Other than as explained below regarding the impact of IFRS 16 *Leases*, the new and revised standards are not relevant to the preparation of the Group's interim condensed consolidated financial information. The nature and impact of IFRS 16 *Leases* are described below:

IFRS 16 replaces IAS 17 *Leases*, IFRIC-4 *Determining whether an Arrangement contains a Lease*, ISIC-Int 15 *Operating Leases — Incentives* and ISIC-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have any financial impact on leases where the Group is the lessor.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 January 2019, and the comparative information for 2018 was not restated and continues to be reported under IAS 17.

New definition of a lease

Under IFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC-Int 4 at the date of initial application. Contracts that were not identified as leases under IAS 17 and IFRIC-Int 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their standard-alone prices. A practical expedient is available to a lessee, which the Group has adopted, not to separate non-lease components and to account for the lease and the associated non-lease components (e.g., property management services for leases of properties) as a single lease component.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2019

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

As a lessee — Leases previously classified as operating leases

Nature of the effect of adoption of IFRS 16

The Group has lease contracts for various items of land use right and warehouse. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under IFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low value assets (elected on a lease by lease basis) and short-term leases (elected by class of underlying asset). The Group has elected not to recognise right-of-use assets and lease liabilities for (i) leases of low-value assets (e.g., laptop computers and copying machines); and (ii) leases, that at the commencement date, have a lease term of 12 months or less. Instead, the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

Impacts on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019 and included in interest-bearing bank and other borrowings.

The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019. All these assets were assessed for any impairment based on IAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position.

The Group has used the following elective practical expedients when applying IFRS 16 at 1 January 2019:

- Applied the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application
- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics.

The impacts arising from the adoption of IFRS 16 as at 1 January 2019 are as follows:

	Increase/(decrease)
	RMB'000
	(Unaudited)
<hr/>	
Assets	
Increase in right-of-use assets	226,423
Decrease in prepaid land lease payments — non-current portion	(215,217)
Decrease in prepaid land lease payments — current portion	(4,947)
<hr/>	
Increase in total assets	6,259
<hr/>	
Liabilities	
Increase in interest-bearing bank and other borrowings	6,259
<hr/>	
Increase in total liabilities	6,259
<hr/>	

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

Summary of new accounting policies

The accounting policy for leases as disclosed in the annual consolidated financial statements for the year ended 31 December 2018 is replaced with the following new accounting policies upon adoption of IFRS 16 from 1 January 2019:

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term.

Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2019

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

Amounts recognised in the interim condensed consolidated statement of financial position and profit or loss

The carrying amounts of the Group's right-of-use assets and lease liabilities (included within 'interest-bearing bank and other borrowings'), and the movement during the period are as follow:

	Right-of-use assets		Lease liabilities
	Land use right RMB'000	Warehouse RMB'000	RMB'000
As at 1 January 2019	220,164	6,259	6,259
Addition	19,839	1,937	1,937
Depreciation charge	(2,720)	(2,297)	—
Interest expense	—	—	210
Payments	—	—	(2,457)
As at 30 June 2019	237,283	5,899	5,949

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into one single business unit that includes primarily the manufacture and sale of automotive internal and external decorative and structural parts, moulds and tooling, casing and liquid tanks of air conditioning or heater units and other non-automobile products. Management monitors the consolidated results of making decisions about resources allocation and the Group's performance. Accordingly, no segment analysis is presented.

The following table presents non-current asset information for the Group as at 30 June 2019 and 31 December 2018, respectively, which is based on the locations of assets and excludes financial instruments and deferred tax assets.

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Mainland China	1,305,079	1,182,626
Overseas	32,666	34,749
Total	1,337,745	1,217,375

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2019

4. REVENUE, OTHER INCOME AND GAINS

The disaggregation of the Group's revenue from contracts with customers, including sales of goods and rendering of services below, for the six months ended 30 June 2019 and 30 June 2018 is as follows:

	For the six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
<i>Type of goods or service</i>		
Revenue		
Sales of plastic parts and automotive parts	765,818	871,670
Sales of moulds and tooling	153,638	104,005
	919,456	975,675
<i>Other income</i>		
Management service	1,971	—
Total revenue from contracts with customers	921,427	975,675
<i>Geographical markets</i>		
Mainland China	819,482	861,047
Overseas	101,945	114,628
Total revenue from contracts with customers	921,427	975,675
<i>Timing of revenue recognition</i>		
Goods transferred at a point in time	919,456	975,675
Services transferred over time	1,971	—
Total revenue from contracts with customers	921,427	975,675

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2019

4. REVENUE, OTHER INCOME AND GAINS *(Continued)*

An analysis of other income and gains is as follows:

	For the six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Rental income	6,040	3,417
Government grants	4,934	1,457
Dividend received from equity investments at fair value through other comprehensive income	2,014	—
Management fee	1,971	—
Gain on disposal of items of property, plant and equipment	1,178	519
Reversal of impairment of trade receivables	—	1,500
Gain on disposal of an associate	—	547
Others	1,049	1,086
Total	17,186	8,526

5. FINANCE INCOME

	For the six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Interest income on bank deposits	2,464	2,394

6. FINANCE COSTS

	For the six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Interest expense on interest-bearing bank borrowings	20,720	18,864
Interest expense on lease liabilities	210	—
Total	20,930	18,864

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2019

7. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Cost of inventories recognised	673,255	716,752
Depreciation of property, plant and equipment	44,516	38,019
Depreciation of right-of-use assets	5,017	—
Depreciation of investment properties	1,265	1,254
Amortisation of prepaid land lease payments	—	2,488
Amortisation of intangible assets	721	479
Research and development costs	35,801	32,675
Lease payments under short-term leases	8,305	4,550
Auditor's remuneration	1,500	1,632
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages, salaries and other benefits	119,686	103,910
Pension scheme contributions	9,954	9,630
	129,640	113,540
Gross rental income	(8,892)	(4,999)
Less: Direct expenses that generated rental income	2,852	1,582
Rental income, net	(6,040)	(3,417)
Foreign exchange difference, net	1,586	1,194
Impairment of trade receivables recognised/(reversed)	201	(1,500)
Gain on disposal of investment in an associate	—	(547)
Write-down of inventories to net realisable value	—	161
Gain on disposal of items of property, plant and equipment	(1,178)	(519)
Government grants	(4,934)	(1,457)
Interest income	(2,464)	(2,394)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2019

8. INCOME TAX

Major components of the Group's income tax expense for the period are as follows:

	For the six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Current income tax		
— Charge for the period	13,875	19,913
Deferred income tax	(1,655)	(1,106)
Total tax charge for the period	12,220	18,807

9. DIVIDENDS

	For the six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Final declared — HK0.4714 cent per ordinary share	7,130	—
Interim — Nil (2018: HK0.4367 cent) per ordinary share	—	6,741
Total	7,130	6,741

The board of directors has resolved not to declare any interim dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: HK0.4367 cent (approximately RMB0.3810 cent)).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2019

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

The calculation of basic earnings per share for the period is based on the consolidated net profit attributable to owners of the parent and the weighted average number of ordinary shares of 1,769,193,800 in issue during the six months ended 30 June 2019 (the six months ended 30 June 2018: 1,769,193,800).

The calculations of basic and diluted earnings per share are based on:

	For the six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Earnings		
Profit attributable to owners of the parent used in the basic and diluted earnings per share calculation	48,709	67,465

	For the six months ended 30 June	
	Number of shares	
	2019 (Unaudited)	2018 (Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	1,769,193,800	1,769,193,800

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2019, the Group acquired property, plant and equipment with a total cost of RMB156,062,000 (the six months ended 30 June 2018: RMB95,663,000).

Included in the property, plant and equipment as at 30 June 2019 were certain buildings with a net carrying value of RMB94,502,000 (31 December 2018: RMB114,689,000), of which the property ownership certificates have not been obtained. The directors are of the view that the Group is entitled to lawfully and validly occupy and use the above mentioned buildings. The directors are also of the opinion that the aforesaid matter will not have any significant impact on the Group's financial position as at 30 June 2019.

Certain of the Group's buildings and machineries with a net carrying value of RMB10,364,000 as at 30 June 2019 (31 December 2018: RMB16,643,000) were pledged to secure bank loans granted to the Group (Note 18).

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12. INVESTMENT PROPERTIES

The Group's investment properties are situated in Mainland China and on the land that are held under medium term leases.

Included in the investment properties as at 30 June 2019 were certain buildings with a net carrying value of RMB25,716,000 (31 December 2018: RMB25,424,000) of which the property ownership certificates have not been obtained. The directors are of the view that the Group is entitled to lawfully and validly occupy and use the above mentioned buildings. The directors are also of the opinion that the aforesaid matter will not have any significant impact on the Group's financial position as at 30 June 2019.

The Group's investment properties with a net carrying value of RMB2,009,000 as at 30 June 2019 (31 December 2018: RMB2,133,000) were pledged to secure bank loans granted to the Group (Note 18).

13. INVESTMENTS IN JOINT VENTURES

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Share of net assets	168,033	163,892

Particulars of the joint ventures are as follows:

Name	Place of registration and business	Percentage of			Principal activities
		Ownership interest	Voting power	Profit sharing	
Ningbo Roekona-Zoeppritex-Tex-Line Co., Ltd. ("Ningbo Hualete")	Mainland China 17 March 2004	50%	50%	50%	Manufacture and sale of auto parts, designing and manufacture of high-grade textiles
Changchun Huazhong Yanfeng Plastic Omnium Automotive Exteriors Co.,Ltd. ("Changchun Huazhong Yanfeng")	Mainland China 3 June 2011	50%	50%	50%	Manufacture and sale of auto parts, provision of after-sale services, and technical consultations

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2019

13. INVESTMENTS IN JOINT VENTURES *(Continued)*

The following table illustrates the summarised financial information of Ningbo Hualete adjusted for any differences in accounting policies, and reconciled to the carrying amount in the consolidated financial statements:

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Cash and cash equivalents	4,267	2,789
Other current assets	178,638	205,630
Current assets	182,905	208,419
Non-current assets	58,045	52,577
Financial liabilities, excluding trade and other payables	(25,770)	(39,900)
Other current liabilities	(33,207)	(42,480)
Non-current liabilities	(978)	—
Net assets	180,995	178,616
Net assets, excluding goodwill	180,995	178,616
Reconciliation to the Group's interest in the joint venture:		
Proportion of the Group's ownership	50%	50%
Group's share of net assets of the joint venture, excluding goodwill	90,497	89,308
Carrying amount of the investment	90,497	89,308
	For the six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Revenues	81,457	92,935
Interest income	7	5
Depreciation and amortisation	(2,267)	(210)
Interest expenses	(1,416)	(2,100)
Profit and total comprehensive income for the period	8,380	3,938
Group's share of comprehensive income for the period	4,190	1,969

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13. INVESTMENTS IN JOINT VENTURES *(Continued)*

The following table illustrates the summarised financial information of Changchun Huazhong Yanfeng adjusted for any differences in accounting policies, and reconciled to the carrying amount in the consolidated financial statements:

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Cash and cash equivalents	133,891	155,933
Other current assets	168,012	176,267
Current assets	301,903	332,200
Non-current assets	138,876	103,259
Financial liabilities, excluding trade and other payables	(3,662)	—
Other current liabilities	(280,758)	(286,291)
Non-current liabilities	(1,287)	—
Net Assets	155,072	149,168
Net assets, excluding goodwill	155,072	149,168
Reconciliation to the Group's interest in the joint venture:		
Proportion of the Group's ownership	50%	50%
Group's share of net assets of the joint venture, excluding goodwill, including additional loss	77,536	74,584
Carrying amount of the investment	77,536	74,584
	For the six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Revenues	269,111	301,724
Interest income	1,815	565
Depreciation and amortisation	(9,808)	(9,615)
Profit and total comprehensive profit for the period	5,904	22,484
Group's share of comprehensive profit for the period	2,952	11,242

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14. EQUITY INVESTMENTS DESIGNED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Equity investments designated at fair value through other comprehensive income		
Unlisted equity investments, at fair value		
Investment A	40,858	22,455
Investment B	15,748	16,870
	56,606	39,325

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

15. INVENTORIES

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Raw materials	78,716	58,239
Work in progress	57,052	85,416
Finished goods	294,778	266,319
	430,546	409,974

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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16. TRADE AND NOTES RECEIVABLES

An ageing analysis of the trade and notes receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Within 3 months	647,535	626,490
3 to 6 months	87,681	78,792
6 months to 1 year	23,796	4,294
Over 1 year	4,302	3,407
	763,314	712,983

17. TRADE AND NOTES PAYABLES

An ageing analysis of the trade and notes payables of the Group as at 30 June 2019, based on the invoice date, is as follows:

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Within 3 months	668,973	575,199
3 to 12 months	246,538	269,432
1 to 2 years	4,800	1,995
2 to 3 years	528	1,126
Over 3 years	812	680
	921,651	848,432

Certain notes payable were secured by pledged deposits of the Group with a carrying value of RMB101,159,000 as at 30 June 2019 (31 December 2018: RMB68,087,000).

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For the six months ended 30 June 2019

18. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Note	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Current			
Bank loans-secured	(i)	98,846	132,036
Bank loans-unsecured		599,280	476,534
Current portion of long term bank loans			
— unsecured		41,562	21,094
Lease liability		3,783	—
		743,471	629,664
Non-current			
Bank loans-unsecured		188,458	168,136
Lease liability		2,166	—
		190,624	168,136

- (i) As at 30 June 2019, the Group's bank facilities of RMB132,030,000 (31 December 2018: RMB226,330,000) were secured by pledges of the Group's assets with carrying values as follows:

		30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Property, plant and equipment (note 11)		10,364	16,643
Investment properties (note 12)		2,009	2,133
Right-of-use assets		47,300	—
Prepaid land lease payments		—	47,796
Pledged deposits		125,400	146,917
		185,073	213,489

The bank loans bear interest at rates ranging from 2.85% to 5.23% per annum (31 December 2018: 2.85% to 6.31% per annum).

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19. COMMITMENTS

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

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Contracted, but not provided for in respect of acquisition of: Property, plant and equipment	197,680	156,941

20. RELATED PARTY TRANSACTIONS AND BALANCES

(a) Name and relationship

Name of related party	Relationship with the Group
Mr. Zhou	Ultimate controlling shareholder
Mr. Zhou Cimei	Father of Mr. Zhou
Ms. Lai Cairong	Mother of Mr. Zhou
Ms. Lai Danfen	Cousin of Mr. Zhou
Mr. Zhou Xiaofeng	Brother of Mr. Zhou
Ningbo Huaxiang Electronics Co., Ltd. ("Ningbo Huaxiang Electronics")	Significantly influenced by Mr. Zhou Xiaofeng
Huayou Holdings Company Ltd. ("Huayou Holdings")	Controlling shareholder of the Company
寧波華翔汽車飾件有限公司 ("Huaxiang Trim")	Controlled by Ningbo Huaxiang Electronics
Ningbo Huaying Moulding Technology Development Co., Ltd. ("Huaying Moulding")	Controlled by Mr. Zhou
公主嶺華翔汽車頂棚系統有限公司 ("Gongzhuling Huaxiang")	Joint venture of Ningbo Huaxiang Electronics
寧波華翔汽車銷售服務有限公司 ("Huaxiang Sales Co.")	Collectively controlled by Mr. Zhou Cimei and Ms. Lai Cairong

20. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

(a) Name and relationship *(Continued)*

Name of related party	Relationship with the Group
南昌江鈴華翔汽車零部件有限公司 ("Nanchang Jiangling")	Joint venture of Ningbo Huaxiang Electronics
Ningbo Hualete	Joint venture of the Group
象山華翔國際酒店有限公司 ("Huaxiang Resort")	Collectively controlled by Mr. Zhou Cimei and Ms. Lai Cairong
Guangzhou Chengli Industrial Co., Ltd. ("Guangzhou Chengli")	Controlled by Mr. Zhou
Changchun Huazhong Yanfeng	Joint venture of the Group
寧波華翔進出口有限公司 ("Huaxiang Export")	Significantly influenced by Mr. Zhou Cimei and Ms. Lai Cairong
沈陽華翔汽車零部件有限公司 ("Shenyang Huaxiang")	Subsidiary of Ningbo Huaxiang Electronics
Ningbo Tex Line Automotive Textiles Co., Ltd. ("Ningbo Hualuote")	Subsidiary of a joint venture of the Group

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2019

20. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

(b) Related party transactions

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group had the following material transactions with related parties during the period:

	Notes	For the six months ended 30 June	
		2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Sales of raw materials and goods to related parties:	(i)		
Changchun Huazhong Yanfeng		28,750	56,869
Shenyang Huaxiang		1,172	—
Ningbo Hualete		875	304
Ningbo Hualuote		319	662
		31,116	57,835
Purchases of raw materials, goods and services from related parties:	(ii)		
Ningbo Hualete		30,595	34,822
Changchun Huazhong Yanfeng		8,161	13,359
Nanchang Jiangling		1,746	831
Shenyang Huaxiang		761	3,481
Huaxiang Resort		18	48
Gongzhuling Huaxiang		—	56
		41,281	52,597
Gross rental income from related parties:	(iii)		
Changchun Huazhong Yanfeng		4,025	4,369
Ningbo Hualuote		3,936	—
Ningbo Hualete		480	504
		8,441	4,873
Gross rental income to related parties:	(iii)		
Huaying Moulding		384	532
Management fee from a related party:	(iv)		
Changchun Huazhong Yanfeng		1,971	—

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For the six months ended 30 June 2019

20. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

(b) Related party transactions *(Continued)*

- Note (i): The sales of goods and raw materials to the related parties were made according to the prices and terms agreed between the related parties.
- Note (ii): The purchases of raw materials, goods and services from the related parties were made according to the prices and terms offered by the related parties.
- Note (iii): The gross rental income from and rental expenses charged by related parties were in accordance with the terms and conditions agreed between the related parties through lease agreements.
- Note (iv): The management fee from the related party was in accordance with the terms agreed between the related parties through management fee agreements.

(c) Outstanding balances with related parties

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Amounts due from related parties		
Changchun Huazhong Yanfeng	79,368	74,265
Ningbo Hualuote	14,730	10,280
Shenyang Huaxiang	1,323	—
Ningbo Hualete	384	46
Guangzhou Chengli	6	6
Huaxiang Export	—	420
	95,811	85,017
Amount due to the ultimate controlling shareholder Mr. Zhou	1,026	1,110
Amounts due to related parties		
Ningbo Hualete	47,625	61,351
Nanchang Jiangling	1,851	1,767
Huaying Moulding	978	1,065
Huayou Holdings	158	158
Shenyang Huaxiang	90	3,285
Huaxiang Resort	10	193
	50,712	67,819

Other than above disclosed, all amounts due from/to the ultimate controlling shareholder and related parties are unsecured, interest-free and repayable on demand as at 30 June 2019.

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20. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

(d) Compensation of key management personnel of the Group

	For the six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Wages, salaries and other benefits	1,771	1,697
Pension scheme contributions	20	28
Total compensation paid to key management personnel	1,791	1,725

21. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

	Carrying amounts		Fair values	
	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Financial liabilities				
Interest-bearing bank and other borrowings, non-current portion	190,624	168,136	190,624	168,136

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, trade receivables, trade and notes payables, financial assets included in prepayments and other receivables, financial liabilities included in other payables and accruals, amounts due from/to related parties, an amount due to the ultimate controlling shareholder and the current portion of interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair value of the non-current portion of interest-bearing bank and other borrowings has been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The differences between the carrying amounts and fair values of those financial liabilities are not significant.

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. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

21. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

(Continued)

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 of those financial assets and liabilities measured at fair value:

The fair values of certain of unlisted equity investments designated at fair value through other comprehensive income, which were previously classified as available-for-sale equity investments, have been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and calculates an appropriate price multiple, such as enterprise value to earnings before interest, taxes, depreciation and amortisation (“EV/EBITDA”) multiple and price to earnings (“P/E”) multiple, for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments to measure the fair value. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

At 31 December 2018, the Group invests in certain unlisted investment, which represents one floating-rate financial product with principal not guaranteed issued by Agricultural Bank of China in Mainland China. The Group has estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

The Group’s notes receivable are managed with a business model under which notes receivable are both held to collect contractual cash flows and endorsed to suppliers prior to their expiry date. Accordingly, these notes receivable are measured as fair value through other comprehensive income. The Group has estimated the fair value of these notes receivable by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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21. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

(Continued)

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 30 June 2019 and 31 December 2018:

Unlisted equity investment	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input (RMB'000)
Investment A	Valuation multiples	Forward average P/E multiples of peers	30 June 2019: 5.51 to 39.30	10% increase/decrease in multiple would result in increase/decrease in fair value by 4,086
		Discount for lack of marketability	30 June 2019: 3.90% to 91.30%	10% increase/decrease in multiple would result in decrease/increase in fair value by 767
Investment B	Valuation multiples	Forward average P/E multiples of peers	30 June 2019: 27.14 to 37.63 (31 December 2018:18.49 to 33.13)	10% increase/decrease in multiple would result in increase/decrease in fair value by 1,575
		Discount for lack of marketability	30 June 2019: 3.90% to 91.30% (31 December 2018:0.00% to 91.30%)	10% increase/decrease in multiple would result in decrease/increase in fair value by 296

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

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21. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

(Continued)

Assets measured at fair value

As at 30 June 2019

	Fair value measurement using			
	Total	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant Unobservable inputs Level 3
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Equity investments designated at fair value through other comprehensive income	56,606	—	—	56,606
Notes receivable at fair value through other comprehensive income	108,113	—	108,113	—

As at 31 December 2018

	Fair value measurement using			
	Total	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant Unobservable inputs Level 3
	RMB'000	RMB'000	RMB'000	RMB'000
	(Audited)	(Audited)	(Audited)	(Audited)
Equity investments designated at fair value through other comprehensive income	39,325	—	22,455	16,870
Notes receivable at fair value through other comprehensive income	104,430	—	104,430	—
Debt investment at fair value through profit or loss	30,510	—	30,510	—

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers out of Level 3.



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22. EVENTS AFTER THE REPORTING PERIOD

There is no material subsequent event undertaken by the Group after 30 June 2019.

23. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The unaudited interim condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on 29 August 2019.