



China Yu Tian Holdings Limited

中國宇天控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8230

First Quarterly Report 2016

Characteristics of the Growth Enterprise Market (“GEM”) of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the directors (the “Directors” and each a “Director”) of China Yu Tian Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this report misleading.

First Quarterly Unaudited Results

The board of Directors of the Company (the “Board”) hereby presents the condensed unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the three months ended 31 March 2016, together with the unaudited comparative figures for the corresponding period in 2015 as follows:

Condensed Consolidated Statement of Profit or Loss

For the three months ended 31 March 2016

	Notes	For the three months ended 31 March	
		2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000
Revenue	2	30,523	11,415
Cost of sales		(22,728)	(9,200)
Gross profit		7,795	2,215
Other income	3	309	344
Distribution costs		(384)	(343)
Administrative expenses		2,281	3,161
Profit/(loss) from operations		5,439	(945)
Finance costs	4(a)	(1,764)	(1,731)
Profit/(loss) before taxation	4	3,675	(2,676)
Income tax (charge)/credit	5	(990)	388
Profit/(loss) for the period		2,685	(2,288)
Attributable to:			
Owners of the Company		2,685	(2,288)
Earnings/(loss) per share	6		
Basic and diluted (RMB)		0.003	(0.004)

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the three months ended 31 March 2016

	For the three months ended 31 March	
	2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000
Notes		
Profit/(loss) for the period	2,685	(2,288)
Other comprehensive income/(loss) for the period		
Item that may be reclassified subsequently to profit and loss:		
Exchange differences on translation of financial statements of overseas companies	(121)	(4)
Total comprehensive income/(loss) for the period	2,564	(2,292)

Condensed Consolidated Statement of Changes in Equity

For the three months ended 31 March 2016

	Share capital	Share premium	PRC statutory reserves	Exchange reserves	Retained earnings	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2016 (Audited)	6,779	189,199	10,588	661	81,598	288,825
Total comprehensive income for the period	-	-	-	(121)	2,685	2,564
Balance at 31 March 2016 (Unaudited)	6,779	189,199	10,588	540	84,283	291,389
Balance at 1 January 2015 (Audited)	8	108,407	7,253	(24)	61,968	177,612
Total comprehensive income for the period	-	-	-	(4)	(2,288)	(2,292)
Balance at 31 March 2015 (Unaudited)	8	108,407	7,253	(28)	59,680	175,320

Notes to the Unaudited Consolidated Results

For the three months ended 31 March 2016

1 Significant accounting policies

(a) General information

The Company was incorporated in the Cayman Islands on 13 November 2013 as an exempted company with limited liability under the Companies Law (2011 Revision) (as consolidated and revised) of the Cayman Islands.

Pursuant to a group reorganisation completed on 27 January 2014 (the "Reorganisation") to rationalize the Group's structure in preparation for the public offering of the Company's shares on GEM of the Stock Exchange, the Company became the holding company of the Group. The Company's shares were listed on GEM of the Stock Exchange on 29 December 2015.

The details of the Reorganisation are set out below.

Prior to January 2014, the Group's businesses were conducted through Jiangsu Yutian Gangbo New Materials Co., Ltd. ("Jiangsu Yutian"). Jiangsu Yutian was incorporated on 23 March 2011 and was beneficially owned and controlled by Ms. Wang Xuemei before the Reorganisation. Upon completion of the Reorganisation on 27 January 2014, the Company became the Group's holding company. The companies that took part in the Reorganisation were controlled by Ms. Wang Xuemei before and after the Reorganisation and there was no change in the business and operation of Jiangsu Yutian.

As the Company and other intermediate holding companies of the Group had no substantive operations prior to the Reorganisation and were formed for the sole purpose of effecting the Group's restructuring and the listing of the Company's shares, no business combination had occurred and the Reorganisation has been accounted for using a principle similar to that for a reverse acquisition as set out in HKFRS 3, Business Combinations with Jiangsu Yutian being treated as the acquirer for accounting purpose. The financial information has been prepared and presented as a continuation of the financial statements of Jiangsu Yutian with the assets and liabilities of Jiangsu Yutian recognized and measured at their historical carrying amounts prior to the Reorganisation.

Intra-group balances and intra-group transactions are eliminated in full in preparing the financial information.

(b) Statement of compliance

The condensed unaudited consolidated results for the three months ended 31 March 2016 have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the GEM Listing Rules. A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 1(d) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(c) Basis of preparation of the unaudited consolidated results

The condensed unaudited consolidated results for the three months ended 31 March 2016 comprise the Group.

The measurement basis used in the preparation of the unaudited consolidated results is the historical cost basis.

The preparation of condensed unaudited consolidated results in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the unaudited consolidated results and major sources of estimation uncertainty are discussed in Note 2.

(d) Changes in accounting policies

In the current period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 January 2016. The application of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current period and prior years. The Group has not early applied the new and revised HKFRSs that have been issued but are not yet effective. The Directors anticipates that the application of these new standard, amendments and interpretation will have no material impact on the condensed unaudited consolidated financial statements.

2 Revenue

The principal activities of the Group are the manufacture and sale of coated architectural glass products, coated glass production equipment and CTP module components.

The amount of each significant category of revenue is as follows:

	For the three months ended 31 March	
	2016	2015
	(Unaudited) RMB'000	(Unaudited) RMB'000
Sales of coated architectural glass products	22,744	9,052
Sales of Capacitive touch panel ("CTP") module components	7,779	2,363
	30,523	11,415

3 Other income

	For the three months ended 31 March	
	2016	2015
	(Unaudited) RMB'000	(Unaudited) RMB'000
Government grants	239	129
Interest income	70	215
	309	344

4 Profit/(loss) before taxation

Profit/(loss) before taxation is arrived at after charging/(crediting):

(a) Finance costs:

	For the three months ended 31 March	
	2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000
Interest on loans and borrowings	1,594	1,521
Other finance costs	170	210
	1,764	1,731

(b) Staff costs:

	For the three months ended 31 March	
	2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000
Salaries, wages and other benefits	2,281	2,471
Contributions to defined contribution retirement plan	375	432
	2,656	2,903

(c) Other items:

	Note	For the three months ended 31 March	
		2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000
Cost of inventories	(i)	22,728	9,200
Depreciation		2,216	2,203
Amortisation of lease prepayments		203	203
Research and development costs		1,094	541
Reversal of impairment losses on trade and other receivables		(1,039)	–
Operating lease charges		232	232

- (i) Cost of inventories included staff costs of RMB1,782,000 (2015: RMB1,801,000) and depreciation of RMB2,089,000 (2015: RMB1,819,000) for the three months ended 31 March 2016, which are also included in the respective total amounts disclosed separately above or in Note 4(b).

5 Income tax (charge)/credit

	For the three months ended 31 March	
	2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000
Current tax:		
Provision for PRC income tax for the period	(1,152)	(279)
Deferred tax:		
Origination and reversal of temporary differences	162	667
	(990)	388

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.
- (ii) No provision for Hong Kong Profits Tax was made for the subsidiary incorporated in Hong Kong as the subsidiary did not have income subject to Hong Kong Profits Tax.
- (iii) The PRC subsidiary, Jiangsu Yutian Gangbo New Material Co., Ltd. ("Jiangsu Yutian") was subject to the PRC statutory income tax rate of 25%. In August 2013, it was accredited as a "High and New Technology Enterprise" and was entitled to a preferential income tax rate of 15% for a period of three years from 2013 to 2015.

6 Earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit/(loss) for the three months ended 31 March 2016 of RMB2,685,000 (2015: loss of RMB2,288,000) and the weighted average of 810,000,000 ordinary shares in issue (2015: 600,000,000 shares in issue) during the three months ended 31 March 2016.

Weighted average number of ordinary shares

	2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000
Issued ordinary shares at 1 January	810,000	600,000
Issued ordinary shares at 31 March	810,000	600,000

There were no dilutive potential ordinary shares and, therefore, diluted earnings per share is equal to basic earnings per share.

7 Dividend

The Directors did not recommend the payment of any dividend for the three months ended 31 March 2016 (2015: Nil).

8 Approval of financial information

These financial information was approved and authorised for issue by the Board on 12 May 2016.

Management Discussion and Analysis

Introduction and Business Review

The Group engaged in the manufacture and sale of industrial coated products as well as design and assembly of coated glass production equipment. According to HCR Co., Ltd. (“HCR”), we were ranked tenth among China’s manufacturers of Low-E glass, which is the primary product category of coated architectural glass, in terms of designed annual production capacity for the year ended 31 December 2014. We were also one of only seven manufacturers in China with the ability to design, assemble, build and sell complete sets of coated glass production lines as of 31 December 2014 based on HCR. Our proprietary coating technologies can be utilized for a wide variety of industrial products, including coated architectural glass and CTP module components. Our business model of offering a wide array of industrial coated products and coated glass production equipment is made possible by our broad range of capabilities. Our extensive industrial coating expertise and understanding of customers’ needs allow us not only to continuously refine our production process and coating techniques to develop high-quality coated glass products, but also enable us to upgrade our coated glass manufacturing equipment.

Leveraging our extensive experience and know-how in industrial coating, we commenced commercial production of CTP module components for use in electronic devices in March 2014 and recorded our first sale of CTP module components in May 2014. Currently, Low-E glass is the primary coated architectural glass product in China due to its energy-efficiency.

The Board is pleased to present the first quarterly results of the Group for the three months ended 31 March 2016 (the “Period”), together with the comparative figures for the corresponding three months ended 31 March 2015.

Financial Review

Revenue

Our revenue was generated from the sale of our: (i) coated architectural glass; and (ii) CTP module components.

The following table set forth the breakdown of our Group's revenue by segment:

	Three months ended 31 March			
	2016		2015	
	(Unaudited)		(Unaudited)	
	RMB'000	%	RMB'000	%
Sales of coated architectural glass products	22,744	74.5	9,052	79.3
Sales of CTP module components	7,779	25.5	2,363	20.7
	30,523	100.0	11,415	100.0

For the three months ended 31 March 2016, revenue from coated architectural glass amounted to RMB22.74 million (2015: RMB9.05 million), accounting for 74.5% of our total revenue (2014: 79.3%). It is expected to remain as one of the major source of revenue in the future.

Revenue from CTP module components for the three months ended 31 March 2016 amounted to RMB7.78 million (2015: RMB2.36 million), representing 25.5% of our total revenue (2014: 20.7%).

Total revenue of the Group grew 167% from RMB11.42 million for the three months ended 31 March 2015 to RMB30.52 million for the three months ended 31 March 2016, which was mainly attributable to the growth of the revenue generated from sales of both CTP module components and coated architectural glass products.

Gross profit and gross profit margin

Our gross profit increased from RMB2.22 million for the three months ended 31 March 2015 to RMB7.80 million for the three months ended 31 March 2016. Our gross profit margin increased from 19.4% for the three months ended 31 March 2015 to 25.5% for the three months ended 31 March 2016. The following table sets forth a breakdown of our gross profit and gross profit margin by segment for the periods indicated:

	For the three months ended 31 March			
	2016	2015		
	Gross profit (Unaudited) RMB'000	Gross profit margin %	Gross profit (Unaudited) RMB'000	Gross profit margin %
Coated architectural glass products	5,763	25.3	1,882	20.8
CTP module components	2,032	26.1	333	14.1
Total gross profit/gross profit margin	7,795	25.5	2,215	19.4

The increase of gross profit margin of coated architectural glass products and CTP module components was mainly attributable to the increase in average selling price and decrease of average production costs during the Period.

Other income

Other income of the Group decreased by 10% from RMB0.34 million for the three months ended 31 March 2015 to RMB0.31 million for the three months ended 31 March 2016, which was mainly attributable to the slight fluctuation of government grants and interest income during the Period.

Administrative expenses

The Group's administrative expenses decreased by 27.8% from RMB3.16 million the three months ended 31 March 2015 to RMB2.28 million for the three months ended 31 March 2016. Our administrative expenses mainly include research and development cost, professional services expenses, travel and office expenses, administrative staff cost. The notable decrease in administrative expenses was mainly attributable to the decrease in professional fees used in connection with the Company's listing on the Stock Exchange.

Finance Costs

The Group's finance costs remained stable at RMB1.73 million for the three months ended 31 March 2015 and RMB1.76 million for the three months ended 31 March 2016, which was in line with the stable level of our bank loans during the period.

Income Tax Expenses

The Group's income tax was a credit of RMB0.39 million for the three months ended 31 March 2015 and was a charge of RMB0.99 million for the three months ended 31 March 2016, which was in line with the changes on the profit/(loss) before taxation during the Period.

Profit/(loss) for the period attributable to the owners of the Company and total comprehensive income/(loss)

Loss for the three months ended 31 March 2015 attributable to the owners of the Company was RMB2.29 million and the profit for the Period attributable to the owners of the Company was RMB2.69 million. The change from loss to profit during the period mainly attributable to the increase in sales revenue during the Period.

Human resources and remuneration policies

As at 31 March 2016, the Group employed a total of 243 full-time employees. For the three months ended 31 March 2016, the Group's staff costs, including the Directors' remuneration, amounted to approximately RMB2.66 million. Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employees. In addition to basic salary, the Group also offers bonus to staff with outstanding performance to attract and retain eligible employees to contribute to the Group. Apart from basic remuneration, the Group may also grant share options to eligible employees by reference to its performance and individual contribution.

Liquidity, financial resources and capital structure

The Group's credit risk is primarily attributable to trade receivables and bank balances. In order to minimise the credit risk, the management of the Group reviews the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors considered that the credit risk on trade debts of the Group is significantly reduced.

As at 31 March 2016, the Group's current ratio was 1.72, compared to 1.71 as at 31 December 2015, which was remained stable during the period. As at 31 March 2016, the Group's cash and cash equivalent totalled RMB21.49 million (31 December 2015: RMB80.21 million).

As at 31 March 2016, the Group's loans and borrowings amounted to RMB76.39 (as at 31 December 2015: RMB72.38 million), and the Group did not experience any withdrawal of facilities, default in payment of trade and other payables, loans and borrowings or breach of financial covenants. The Group's financial position remained solid and we have sufficient bank balances to meet our liabilities when they become due.

Amounts due from associates/related companies/shareholders (“Shareholders”, and each, a “Shareholder”) of the Company are continuously monitored by assessing the credit quality of the counterparty, taking into account their financial position, past experience and other factors. When necessary, impairment loss is made for estimated irrecoverable amounts. The credit risk on bank balances are limited as most of the bank balances are at banks with high credit ratings assigned by international credit ratings agencies.

On 29 December 2015, ordinary shares of the Company (the “Shares”) were listed successfully on GEM of the Stock Exchange. Since then, the Group’s capital structure has not changed, which mainly consists of ordinary shares and loans and borrowings mentioned above.

Significant investments

The Group did not acquire or hold any significant investments during the three months ended 31 March 2016 (2015: Nil).

Major acquisition/disposal

The Group did not acquire/dispose any major subsidiaries and affiliated companies during the three months ended 31 March 2016 (2015: Nil).

Risk of Foreign exchange exposure

Most of the Group’s cash balances and transactions are either denominated in Renminbi or Hong Kong Dollars, i.e. functional currencies of relevant group entities. The Group does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise. As at 31 March 2016 and 31 December 2015, the Group did not have any outstanding hedge instruments.

Principal Risks and Uncertainties Facing the Company

The following lists out the principal risks and uncertainties facing the Company in achieving business objectives and the Group's approach to tackle them:

Impact of Local and International Regulations

The business operation of the Group is also subject to government policy, relevant regulations and guidelines established by the regulatory authorities. Failure to comply with the rules and requirements may lead to penalties, amendments or suspension of the business operation by the authorities. The Group closely monitors changes in government policies, regulations and markets as well as conducting studies to assess the impact of such changes.

Third-Party Risks

The Group has been relying on third-party service providers in parts of business to improve performance and efficiency of the Group. While gaining the benefits from external service providers, the management realizes that such operational dependency may pose a threat of vulnerability to unexpected poor or lapses in service including reputation damage, business disruption and monetary losses. To address such uncertainties, the Group engages only reputed third-party providers and closely monitors their performance.

Pledge of assets

During the three months ended 31 March 2016, bank deposits of RMB4.70 million (31 December 2015: RMB3.00 million), property, plant and equipment of RMB18.44 million (31 December 2015: RMB18.64 million), and lease payment of RMB38.68 million (31 December 2015: RMB38.88 million) were pledged as security for bank and other loans and bill payable.

Comparison of business objectives with actual business progress

Since the Shares listed on GEM of the Stock Exchange on 29 December 2015 and up to the date of this report, the Group and the Directors considered that there has been no modification of the business objectives or the business plans as stated in the Prospectus.

Save as disclosed in this report, there are no significant events subsequent to 31 March 2016 which would materially affect the Group's operating and financial performance as of the date of the financial statements.

Outlook and Prospectus

The Group was listed on the GEM of the Stock Exchange on 29 December 2015 (the “Listing Date”) and the fund raised from the listing laid a solid foundation for the future development of the Group.

In light of the softening of policies on the real estate market of Mainland China, it is generally expected that the real estate market will pick up. Moreover, the government set higher requirements for environmental protection in the “Thirteenth Five-Year” plan. We believe these will significantly boost the sales of coated glass products and related production equipment of the Company. With the continuous development of electronic technology, China has become the largest production base and market of electronic products in the world, and we believe this will continue to stimulate the demand for electronic CTP products of the Company in an effective manner.

Furthermore, in view of the new development opportunities emerged in the electronic product market, the Group will actively seek acquisition or investment opportunities that can add value to the Company so as to enhance the position of the Group and its underlying value by satisfying the growing demand of the market. With the Company extensive experience in the field of coating and based on the analysis of its data, it is believed that the Group’s strategic plan will seize related opportunities and bring new growth drivers to the development of the Group.

Contingent liabilities

A subsidiary of the Company was a defendant in a lawsuit filed in April 2015 in relation to a contract dispute. The plaintiff, who supplied equipment for the subsidiary's production of CTP module components, filed a lawsuit to request the subsidiary to make certain payments of RMB1.3 million under a purchase contract entered into between the plaintiff and the subsidiary, and claimed losses with accrued interest of approximately RMB0.2 million. The subsidiary filed a counterclaim against the plaintiff on the ground that the final product delivered by the plaintiff failed to meet the operating standard as agreed in the purchase contract. As at 31 March 2016, the Group has accrued the amount payable in accordance with purchase contract. Up to the date of issue of these financial statements, the case was under first trial. The Directors, based on the advice from its legal counsel, do not believe it is probable that the Group will be fined and accordingly, except for the contract amount payable of RMB1.3 million, no provision has been made in respect of this claim.

Dividend

The Directors did not recommend the payment of any dividend for the three months ended 31 March 2016 (2015: Nil).

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 31 March 2016, the interests or short positions of the Directors and chief executives in the Shares, underlying Shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were 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 provision of the SFO) or which were required to be 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 Rules 5.46 to 5.67 of the GEM Listing Rules (the "Required Standard of Dealings"), were as follows:

(i) Long positions in Shares of the Company

Name	Nature of interest	Total Number of Shares held	Percentage of shareholding
Ms. Wang Xuemei (Chairlady)	Interest in controlled corporation (Note 1)	450,000,000	55.56%
Mr. Wang Jindong	Interest of spouse (Note 2)	450,000,000	55.56%

Notes:

- 1 Sky Prosper Global Limited is held as to 80% by Ms. Wang Xuemei and 20% by Fu Hong Global Limited (富鴻環球有限公司) (which in turn is held as to 100% by Ms. Wang Xuemei).
- 2 Mr. Wang Jindong is the spouse of Ms. Wang Xuemei. Under the SFO, Mr. Wang Jindong is deemed to be interested in all the Shares in which Ms. Wang Xuemei is interested in.

Apart from the foregoing, as at 31 March 2016, none of the Directors nor the chief executives of the Company had any interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations that was required to be 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 Required Standard of Dealings.

(ii) Associated corporation – Sky Prosper Global Limited

Name of Director	Nature of Interest	Number and class of securities in the associated corporation	Approximate percentage of interest in the associated corporation
Ms. Wang Xuemei	Beneficial owner	50,000 shares ⁽¹⁾	100%
Mr. Wang Jindong	Interest of spouse	50,000 shares ⁽²⁾	100%

Notes:

- (1) The disclosed interest represents the interests in the associated corporation, Sky Prosper Global Limited, which is held as to 80% by Ms. Wang Xuemei and 20% by Fu Hong Global Limited (富鴻環球有限公司) (which in turn is held as to 100% by Ms. Wang Xuemei).
- (2) Mr. Wang Jindong is the spouse of Ms. Wang Xuemei. By virtue of the SFO, Mr. Wang Jindong is deemed to be interested in the Shares held by Ms. Wang Xuemei.

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares

As at 31 March 2016, the following persons (other than Directors or chief executives of the Company) were interested in 5% or more of the issued voting Shares of the Company which were recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO, or to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and the GEM Listing Rules on the Stock Exchange, or otherwise notified to the Company and the Stock Exchange:

Long positions in Shares

Name	Nature of interest	Total number of Shares held	Percentage of shareholding
Sky Prosper Global Limited	Beneficial owner	450,000,000	55.56%
China Fund Limited	Beneficial owner	142,280,000	17.57%
Luckever Holdings Limited	Interest in controlled corporation (Note 1)	142,280,000	17.57%
Mr. Liu Xuezhong	Interest in controlled corporation (Note 2)	142,280,000	17.57%
Ms. Li Yuelan	Interest in controlled corporation (Note 2)	142,280,000	17.57%

Notes:

1. These shares are held by China Fund Limited, which is held as to 100% by Luckever Holdings Limited.
2. These shares are held by China Fund Limited, which is held as to 100% by Luckever Holdings Limited, which is held to 60.87% Mr. Liu Xuezhong and 39.13% by Ms. Li Yuelan (Mr. Liu Xuezhong is the spouse of Ms. Li Yuelan. Under the SFO, Mr. Liu Xuezhong is deemed to be interested in all the shares in which Ms. Li Yuelan is interested in, and Ms. Li Yuelan is deemed to be interested in all the shares in which Mr. Liu Xuezhong is interested in.

Save as disclosed above, as at 31 March 2016, the Directors were not aware of any other persons who had any interests or short positions in the Shares or underlying Shares and debentures which would fall 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 by the Company under Section 336 of the SFO or required to be notified to the Company and the Stock Exchange.

Share Option Scheme

A share option scheme was conditionally adopted by the written resolutions of the Shareholders passed on 15 December 2015 (the “Share Option Scheme”). The terms of the Share Option Scheme are in compliance with the provisions of Chapter 23 of the GEM Listing Rules.

As at 31 March 2016, no options had been granted or agreed to be granted under the Share Option Scheme.

Directors’ Interest in Competing Business

The Directors are not aware of any business or interest of the Directors nor our controlling Shareholders nor any of their respective close associates that competes or may compete, directly or indirectly, with the Group’s business and any other conflicts of interest which any such person has or may have with the Group during the period.

Deed of Non-Competition

In order to protect the Group's interest in its business activities, on 15 December 2015, each of Ms. Wang Xuemei and Sky Prosper Global Limited, the controlling Shareholders of the Company (the "Controlling Shareholders") (collectively, the "Non-Competing Covenantors"), have entered into a deed of non-competition ("Deed of Non-Competition") with the Company, pursuant to which each of them have undertaken that, with effect from the Listing Date and for as long as the Shares remain so listed on GEM of the Stock Exchange and the Controlling Shareholders are individually or collectively with any of her/its close associates interested directly or indirectly in not less than 30% of the issued share capital of the Company (the "Restricted Period"), the Non-Competing Covenantors or their respective close associates shall not, (i) directly or indirectly engage in, participate or hold any right or interest in or render any services to or otherwise be involved in any business (whether as owner, director, operator, licensor, licensee, partner, shareholder, joint venturer, employee, consultant or otherwise) in competition with or likely to be in competition with the existing business carried on by our Group, including but not limited to the manufacture and sale of industrial coated products, the manufacture and sale of CTP module components as well as design and assembly of coated glass production equipment, (the "Restricted Business"); and (ii) directly or indirectly take any action which constitutes an interference with or a disruption of the Restricted Business including, but not limited to, solicitation of our Group's customers, suppliers or personnel of any member of our Group. Further details of the Deed of Non-Competition are set out in the section headed "Relationship with Controlling Shareholders" of the prospectus of the Company dated 21 December 2015 (the "Prospectus").

The independent non-executive Directors of the Company had reviewed the status of compliance as well as confirmation by the Controlling Shareholders of the Company and, on the basis of such confirmation, are of the view that such Controlling Shareholders have complied with their non-competition undertakings under the Deed of Non-Competition and these non-competition undertakings have been enforced by the Company in accordance with its terms.

Competition and Conflict of Interests

During the Period, save as disclosed in the Prospectus, none of the Directors or substantial Shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group.

Directors' Interests in Transactions, Arrangements or Contracts of Significance

No transaction, arrangement or contract of significance to which the Company, or any of its holding company, subsidiaries or fellow subsidiaries was a party, and in which a Director had a material interest, subsisted at the end of the Period or at any time during the Period.

Interests of Compliance Adviser

As notified by the Company's compliance adviser, Guotai Junan Capital Limited, neither Guotai Junan Capital Limited nor any of its directors or employees or close associates had any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities) or otherwise in relation of the Company which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules (except for the compliance adviser service provided by Guotai Junan Capital Limited) as at the date of this report.

Directors' Securities Transactions

The Company has adopted a code of conduct for securities transactions by Directors on terms equivalent to the Required Standard of Dealings. The Company had made specific enquiries with written guidelines in relation to the Required Standard of Dealings to all Directors, all Directors have confirmed that they complied with the required standards set out in the Required Standard of Dealings since the Listing Date and up to 31 March 2016.

Compliance with the Corporate Governance Code

The Company is committed to promoting high standards of corporate governance through its continuous effort in improving its corporate governance practices and process. The Board believes that sound and reasonable corporate governance practices are essential for sustainable growth of the Group and for safeguarding the interests and the Group's assets.

The Board has reviewed the Group's corporate governance practices and is satisfied that the Company had complied with all the code provisions set out in the Appendix 15 Corporate Governance Code and Corporate Governance Report (the "CG Code") of the GEM Listing Rules. While the Board strives to maintain a high level of corporate governance, it also works hard to create values and achieve maximum return for the Shareholders. The Board will continue to conduct review and improve the quality of corporate governance practices with reference to local and international standards.

Throughout the period since the Listing Date and up to the date of this report, the Company has complied with the code provisions, other than code provision A.2.1 of the CG Code.

Code provision A.2.1 of the CG Code provides that the roles of chairman (chairlady) and chief executive should be separate and should not be performed by the same individual.

Ms. Wang Xuemei is the chairlady of the Board and Mr. Wang Jindong is the chief executive officer of the Company. As disclosed, Mr. Wang Jindong is the spouse of Ms. Wang Xuemei. Despite their relationship, the divisions of responsibilities between the chairman of the Board and the chief executive officer are clearly divided to ensure a balance of power and authority and to reinforce their independence and accountability.

Ms. Wang Xuemei, being the chairlady, is responsible for providing leadership to the Board and ensuring that the Board functions effectively; that Directors receive in timely manner adequate information which is complete and reliable and that all directors are properly briefed on issues arising at board meetings. The chairlady also encourages directors to participate actively in and to make a full contribution to the Board so that the Board acts in the best interest of the Company.

Mr. Wang Jindong, being the chief executive officer, is responsible for the daily operations of the Company, execution of business policies, strategies, objectives and plans as formulated and adopted by the Board and leading the management of Company.

As at 31 March 2016, save as disclosed above, none of the Board members have any financial, business, family or other material/relevant relationships with each other.

Audit Committee

The Audit Committee (“AC”) was set up on 15 December 2015 with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules. The written terms of reference of the AC was adopted in compliance with paragraphs C.3.3 and C.3.7 of the CG Code. The primary duties of the AC are, among other things, to make recommendations to our Board on the appointment, reappointment and removal of external auditor, review the financial information, oversee our financial reporting process, internal control, risk management systems and audit process and perform other duties and responsibilities assigned by our Board. The AC comprises all independent non-executive Directors and chaired by an independent non-executive Director.

The condensed unaudited consolidated results of the Group for the three months ended 31 March 2016 have been reviewed by the AC. The AC is of the opinion that the condensed unaudited consolidated results of the Group for three months ended 31 March 2016 comply with applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

Purchase, Sale or Redemption of Company’s Listed Securities

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company’s listed securities during the period.

Sufficiency of public float

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this quarterly report, the Company has maintained the prescribed public float required by the GEM Listing Rules for the 3 months ended 31 March 2016 and up to the date of this report.

By order of the board

Wang Jindong

Chief Executive Officer and Executive Director

Hong Kong, 12 May 2016