XINYI AUTOMOBILE GLASS HONG KONG ENTERPRISES LIMITED
信義汽車玻璃香港企業有限公司

(Incorporated under the laws of the Cayman Islands with limited liability)

Stock Code: 8328

HONG KONG PUBLIC OFFERING

Sole Sponsor

RHB Capital Hong Kong Limited

Sole Lead Manager

RHB Securities Hong Kong Limited

IMPORTANT

If you are in any doubt about any of the contents of this prospectus, you should seek independent professional advice.

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LISTING ON THE GROWTH ENTERPRISE MARKET OF THE STOCK EXCHANGE OF HONG KONG LIMITED

HONG KONG PUBLIC OFFERING

Number of Hong Kong Offer Shares	**:**	**55,000,000 Shares**
Offer Price	**:**	**Not more than HK$0.70 per Share (payable in full on application in Hong Kong dollars, subject to refund, plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%)**
Nominal value	**:**	**HK$0.01 per Share**
Stock code	**:**	**8328**

Sole Sponsor

RHB Capital Hong Kong Limited

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Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in the section headed "Documents Delivered to the Registrar of Companies in Hong Kong and Available for Public Inspection in Hong Kong" in Appendix V to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other document referred to above.

The Offer Price is expected to be fixed by agreement between the Sole Lead Manager (on behalf of the Underwriters) and our Company on the Price Determination Date. The Price Determination Date is expected to be on or around Tuesday, 5 July 2016 and, in any event, not later than 12:00 noon on Wednesday, 6 July 2016. The Offer Price will be not more than HK$0.70 and is currently expected to be not less than HK$0.55 unless otherwise announced. Applicants for the Hong Kong Offer Shares are required to pay, on application, the maximum Offer Price of HK$0.70, together with brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price as finally determined is lower than HK$0.70. If, for any reason, the Offer Price is not agreed by Wednesday, 6 July 2016 between the Sole Lead Manager (on behalf of the Underwriters) and our Company, the Hong Kong Public Offering will not proceed and will lapse and the Spin-Off and the Listing will not become unconditional.

Prior to making an investment decision, prospective investors should consider carefully all of the information set forth in this prospectus and the related Application Forms, including the risk factors set forth in the section headed "Risk Factors" in this prospectus.

Prospective investors of the Hong Kong Public Offering should note that the obligations of the Underwriters under the Hong Kong Underwriting Agreement to subscribe for, and to procure applicants for the subscription for, the Hong Kong Offer Shares, are subject to termination by Sole Lead Manager (on behalf of the Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. Such grounds are set forth in the section headed "Underwriting" in this prospectus. It is important that you refer to that section for further information.

28 June 2016

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed of 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 higher 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.

The principle means of information dissemination on GEM is by publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspaper. Accordingly, prospective investors should note that they need to have access to the Stock Exchange's website at www.hkexnews.hk in order to obtain up-to-date information on companies listed on GEM.

2016[1]

Xinyi Glass Distribution

Last day of dealings in Xinyi Glass Shares on a cum entitlement basis . . . . . Monday, 27 June

First day of dealings in Xinyi Glass Shares on an ex entitlement basis . . . . . Tuesday, 28 June

Latest time for lodging transfers of Xinyi Glass Shares cum entitlement to our Shares pursuant to the Xinyi Glass Distribution at . . . . . 4:30 p.m. on Wednesday, 29 June

Register of members of Xinyi Glass in Hong Kong closes . . . . . Thursday, 30 June

Xinyi Glass Distribution Record Date . . . . . Thursday, 30 June

Register of members of Xinyi Glass in Hong Kong opens . . . . . Monday, 4 July

Hong Kong Public Offering

Latest time to complete electronic applications under **White Form eIPO** service through the designated website **www.eipo.com.hk**[2] . . . . . 11:30 a.m. on Monday, 4 July

Application lists open[3] . . . . . 11:45 a.m. on Monday, 4 July

Latest time to: (1) lodge **WHITE** and **YELLOW** Application Forms; (2) complete payment of **White Form eIPO** applications by effecting internet banking transfer(s) or PPS payment transfer(s); and (3) give **electronic application instructions** to HKSCC[4] . . . . . 12:00 noon on Monday, 4 July

Application lists close[5] . . . . . 12:00 noon on Monday, 4 July

Price Determination Date[5] . . . . . Tuesday, 5 July

(1) Announcement of: —

- — the Offer Price;
- — the level of applications in the Hong Kong Public Offering; and
- — the basis of allocation of Hong Kong Offer Shares

to be published on the Stock Exchange's website at **www.hkexnews.hk** and our website at **www.xyglass.com.hk** on or before . . . . . Friday, 8 July

(2) Announcement of results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels, including the website of the Stock Exchange at **www.hkexnews.hk** and our website at **www.xyglass.com.hk** (further information is set forth in the section headed "How to Apply for Hong Kong Offer Shares — 11. Publication of results" in this prospectus) from . . . . . Friday, 8 July

(3) A full announcement containing (1) and (2) above to be published on the website of the Stock Exchange at **www.hkexnews.hk**[6] and our website at **www.xyglass.com.hk**[7] from . . . . . Friday, 8 July

Results of allocations in the Hong Kong Public Offering will be available at **www.iporesults.com.hk** with a "search by ID/Business Registration Number" function on a 24-hour basis from . . . . . Friday, 8 July

Despatch/Collection of White Form e-Refund payment instructions/refund cheques in respect of wholly or partially successful applications if the final Offer Price is less than the price payable on application (if applicable) and wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering on or before[8] . . . . . Friday, 8 July

Despatch of Share certificates and dealings in our Shares on GEM

Share certificates to be despatched[9] . . . . . Friday, 8 July

Dealings in our Shares on GEM expected to commence[9] . . . . . 9:00 a.m. on Monday, 11 July

Payment to Xinyi Glass Overseas Shareholders of the net proceeds of the sales of our Shares which they would otherwise receive pursuant to the Xinyi Glass Distribution on or before[10] . . . . . Monday, 1 August

Notes:

(1) All dates and times refer to Hong Kong local time.

(2) You will not be permitted to submit your application through the designated website at **www.eipo.com.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

(3) If there is a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Monday , 4 July 2016, the application lists will not open on that day. Further information is set forth in the section headed "How to Apply for Hong Kong Offer Shares — 10. Effect of bad weather on the opening of the application lists" in this prospectus.

(4) Applicants who apply by giving **electronic application instructions** to HKSCC should refer to the section headed "How to Apply for Hong Kong Offer Shares — 6. Applying by giving electronic application instructions to HKSCC via CCASS" of this prospectus.

(5) The Price Determination Date is expected to be on or around Tuesday, 5 July 2016. If, for any reason, the Offer Price is not agreed by 12:00 noon on Wednesday, 6 July 2016 between the Sole Lead Manager (on behalf of the Underwriters) and our Company, the Hong Kong Public Offering will not proceed and will lapse accordingly.

(6) The announcement will be available for viewing on the Stock Exchange's website **www.hkexnews.hk** and our website at **www.xyglass.com.hk**.

(7) None of the websites or any of the information contained on the website form part of this prospectus.

(8) Refund cheques/e-Refund payment instructions will be despatched in respect of wholly or partially unsuccessful applications and in respect of successful applications if the final Offer Price is less than the maximum Offer Price of HK$0.70.

(9) The Share certificates are expected to be despatched to the Xinyi Glass Qualifying Shareholders on Friday, 8 July 2016. The Share certificates will only become valid if the Spin-Off and the Listing become unconditional. One Share certificate will be issued to each Xinyi Glass Qualifying Shareholder for the entitlement to our Shares and each Shareholder for the entitlement to the Hong Kong Offer Shares, save for the Share certificates to be issued to HKSCC Nominees Limited, which may be in such denominations as requested by HKSCC Nominees Limited. No temporary documents or evidence of title will be issued. If the Spin-Off and the Listing do not become unconditional, dealings in our Shares on GEM will not commence. In such event, Xinyi Glass will make an announcement of the above and, if applicable, of a revised timetable.

(10) If there are Xinyi Glass Overseas Shareholders at the close of business on the Xinyi Glass Distribution Record Date, the Xinyi Glass Directors will make enquiries, based on legal opinions provided by legal advisers, as to whether the distribution of our Shares to the Xinyi Glass Overseas Shareholders will contravene the applicable securities legislation of the relevant overseas jurisdictions or the requirements of the relevant regulatory body or stock exchange. If, after making such enquiry, the Xinyi Glass Directors are of the opinion that it would not be lawful or expedient, on account of either the legal restrictions under the laws of the relevant jurisdiction or any requirements of the relevant regulatory body or stock exchange in that jurisdiction, to distribute our Shares to such Xinyi Glass Overseas Shareholders, they will be entitled to the Xinyi Glass Distribution but will not receive our Shares. Instead, they will receive a cash amount (after deducting expenses) equals the net proceeds from the sales by Xinyi Glass if such proceeds are equal to or more than HK$100 on their behalf of our Shares to which they would otherwise be entitled pursuant to the Xinyi Glass Distribution after dealings in our Shares commence on GEM at the prevailing market price. If the net proceeds are less than HK$100, we will retain such amount in our account. The net proceeds from such sales will be paid to the relevant Xinyi Glass Overseas Shareholders in Hong Kong dollars. Cheques for such net proceeds are expected to be despatched on or before Monday, 1 August 2016. Further information is set forth in the section headed "Xinyi Glass Distribution" in this prospectus.

Investors who trade in our Shares prior to the receipt of the Share certificates or prior to such Share certificates becoming valid do so entirely at their own risk.

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This prospectus is issued by our Company solely for the Hong Kong Public Offering and does not constitute an offer to sell or a solicitation of an offer to buy any securities other than the Hong Kong Offer Shares. This prospectus may not be used for the purpose of, and does not constitute, an offer to sell or a solicitation of an offer to buy in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Hong Kong Offer Shares in any jurisdiction outside Hong Kong. The distribution of this prospectus and the offering of the Hong Kong Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom. You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision.

We have not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorised by us, the Sole Sponsor, the Sole Lead Manager, the Underwriters or any of our or their respective directors or advisers or any other person or party involved in the Listing.

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This summary aims to give you an overview of the information of this prospectus. As this is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by, and should be read in conjunction with, the full text of this prospectus. You should read the whole document including the appendices hereto, which constitute an integral part of this prospectus, before you decide to invest in the Hong Kong Offer Shares.

There are risks associated with any investment. Some of the particular risks in investing in our Shares are set forth in the section headed "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in the Hong Kong Offer Shares.

OVERVIEW

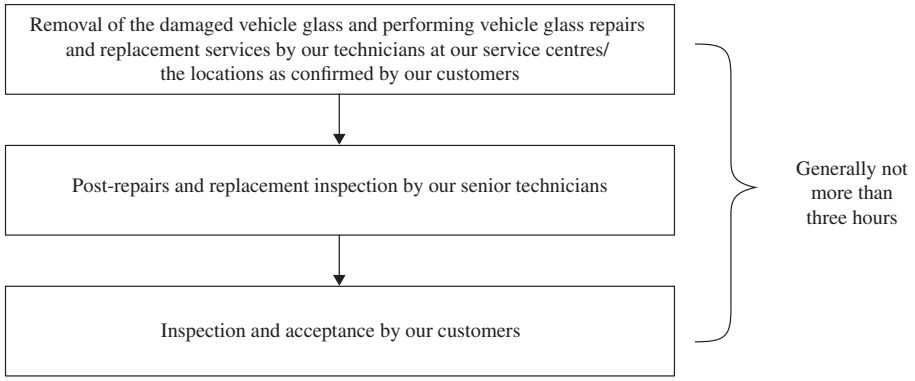
We are a service provider of vehicle glass repairs and replacement services in Hong Kong. Our services can be provided either at our service centres or by our motorcade service teams at such locations as requested by our customers.

Our business operation was commenced when our first service centre in Hong Kong was established in December 1996. In 1997, we started using our motorcade service teams to provide the vehicle glass repairs and replacement services to our customers. As of the Latest Practicable Date, we had four service centres and 19 motorcade service teams for the provision of our services.

During the Track Record Period, our customers included (a) corporate customers, such as garages, car dealers, car rental companies, coach and bus companies and public service organisations and government departments, which are not insured under the motor vehicle insurance policies maintained with the insurance companies; (b) individual customers not insured under motor vehicle insurance policies; and (c) insurance companies pursuant to which we have entered into cooperation arrangements for the provision of vehicle glass repairs and replacement services for the insured car owners.

OUR BUSINESS PROCESS

The following diagram illustrates the key business process for our services:



Further information is set forth in the section headed "Business — Our business process" on pages 84 to 88 in this prospectus.

OUR MARKET POSITION

The vehicle glass repairs and replacement industry in Hong Kong is highly competitive with over 40 dedicated companies and regular service providers. According to the *Ipsos Report*, the five largest service providers in Hong Kong had an aggregate market share of 76.7% in 2015 in terms of revenue. We ranked the second in 2015 in terms of revenue with a market share of 19.7%.

Further information is set forth in the section headed "Industry Overview — Competitive landscape of the vehicle glass repairs and replacement industry in Hong Kong" on pages 70 to 72 in this prospectus.

OUR STRENGTHS

We believe that our strengths include the following:

— We are currently one of the most established aftermarket vehicle glass repairs and replacement businesses in Hong Kong.

— We have experienced management personnel and well-trained technicians with technical know-how in vehicle glass repairs and replacement services for different kinds of passenger and goods vehicles.

— We have established business relationships with corporate customers and insurance companies.

— We have stringent quality control and have achieved recognised servicing standards.

— We have four service centres in Hong Kong and 19 motorcade service teams for the provision of the vehicle glass repairs and replacement services.

Further information is set forth in the section headed "Business — Our strengths" on pages 79 to 81 in this prospectus.

OUR STRATEGIES

We plan to pursue the following strategies:

— Increase our service capacity and improve our customer service facilities by enhancing our service centres network and motorcade service teams.

— Leverage the development of mobile apps and online facility to enable online service requests and payments for our vehicle glass repairs and replacement services.

— Enhance the business relationship with insurance companies.

— Enhance the quality of our services and our brand.

— Explore mergers and acquisitions and investment opportunities in vehicle glass repairs and replacement business and other business areas.

Further information is set forth in the section headed "Business — Our strategies" on pages 81 to 84 in this prospectus.

OUR CUSTOMERS

Our customers include corporate and individual customers as well as car owners under insurance policies with the insurance companies. During the Track Record Period, revenue generated from our five largest customers accounted for 13.7% and 13.6% of the total amount of our revenue, respectively. During the Track Record Period, the revenue generated from our largest customer accounted for 6.3% and 6.3% of the total amount of our revenue, respectively. During the Track Record Period and up to the Latest Practicable Date, none of our suppliers was also our major customers.

Further information is set forth in the section headed "Business — Our customers" on pages 95 to 102 in this prospectus.

OUR SUPPLIERS

Our suppliers are manufacturers or distributors of vehicle glass, glass rubber strips and glass glue and are located in countries/regions such as the PRC, Japan and Hong Kong. We generally maintain a list of qualified suppliers by conducting annual assessment to identify and remove suppliers that may not meet our standards. We also conduct periodic assessments with our suppliers to ensure their compliance with our quality standards. Our five largest suppliers include manufacturers or distributors of vehicle glass, glass rubber strips and glass glue. During the Track Record Period, purchase from our five largest suppliers accounted for 89.6% and 79.8% of the total amount of our purchase, respectively. During the same periods, purchase from our largest supplier, being the Xinyi Glass Group, accounted for 73.5% and 44.9% of the total amount of our purchase, respectively.

Further information is set forth in the section headed "Business — Our suppliers" on pages 106 to 111 in this prospectus.

During the Track Record Period, our purchase of vehicle glass from the Xinyi Glass Group, including Xinyi International and Xinyi Glass (Hong Kong), accounted for 73.5% and 44.9% of the total amount of our purchase, respectively. We will continue to purchase vehicle glass from the Remaining Group after the Listing, which will constitute continuing connected transactions for our Company. Further information on the purchase of vehicle glass is set forth in the section headed "Continuing connected transactions" in this prospectus. The relevant risk is set forth in the section headed "Risk Factors — Risks relating to our business — We source some of the vehicle glass from the Remaining Group and any disruption to the supply of vehicle glass from the Remaining Group could materially and adversely affect our business and financial conditions and our operating results" in this prospectus.

Nonetheless, we plan to reduce the amount of purchase from the Remaining Group. Our Directors expect that the amount of purchase of vehicle glass from the Remaining Group would not exceed 40% of the total amount of purchase for each of the three years ending 31 December 2018. We do not and will not rely on the Remaining Group for the supply of vehicle glass with unique specifications or technology. Our Directors are of the view, and Ipsos concurs, that there are sufficient number of suppliers in the market which can supply us vehicle glass products with similar specifications, quality and quantity at comparable prices and in a timely manner. On this basis, our Directors confirm that the decreasing amount of purchase from the Remaining Group would have no adverse impact on our business performance following the Listing.

SALES AND MARKETING

During the Track Record Period and up to the Latest Practicable Date, we promoted our services through different marketing channels, including (i) advertisements on the publications of relevant industry organisations; (ii) the latest news and information about our Group and our business on our website; (iii) setting up service hotlines to cater for customers' needs; and (iv) visiting customers, such as insurance companies and public transport operators, to explore potential business opportunities. Further information is set forth in the section headed "Business — Sales and marketing" on pages 88 to 95 in this prospectus.

PRINCIPAL RISK FACTORS

Our Directors believe there are certain risks involved in our operations, many of which are beyond our control. The following highlights some of the risks which are considered to be material by our Directors:

— We operate in Hong Kong only and will continue to be affected by the economic, social and political conditions in Hong Kong.

— We source some of the vehicle glass from the Remaining Group and any disruption to the supply of vehicle glass from the Remaining Group could materially and adversely affect our business and financial conditions and our operating results.

— Our business and financial conditions and operating results depend on the constant supply of vehicle glass and our ability to effectively manage and maintain our level of inventories.

— Any complaints or claims by our customers or negative publicity on our Group could materially and adversely affect our reputation and business.

— Our success depends on our key executives and managerial personnel.

— Our profitability is subject to the rise and fluctuation of the prices of the vehicle glass.

In addition, our Company is spun-off from the Xinyi Glass Group and there is no public market for our Shares prior to the Spin-Off and the Listing. Hence, we cannot assure you that an active market for our Shares will be developed following the Listing. Following completion of the Spin-Off and the Listing, we are independent from and not connected with any member of the Remaining Group in terms of equity ownership.

Further information on each of our risk factors is set forth in the section headed "Risk Factors" on pages 24 to 31 in this prospectus. There are other key factors affecting our operating results, detailed information on which is set forth in the section headed "Financial Information — Key factors affecting our operating results" on pages 138 to 140 in this prospectus.

LEGAL COMPLIANCE

Save as disclosed in the section headed "Business — Non-compliant incident" in this prospectus and the paragraphs under "F. Other information — 10. Non-compliance with the Predecessor Companies Ordinance" in Appendix IV to this prospectus, during the Track Record Period, neither we nor our Directors were involved in any litigation, claim or other legal proceedings that, individually or in aggregate, could have a material adverse effect on our business and financial conditions and operating results. As of the Latest Practicable Date, there was no litigation against us that, individually or in aggregate, could have a material adverse effect on our business and financial conditions or operating results.

DIVIDEND PAID DURING THE TRACK RECORD PERIOD AND DIVIDEND POLICY

During the Track Record Period, our Company did not declare and pay any dividend. During the year ended 31 December 2015, Xinyi Automobile Glass (HK) declared and paid dividends of HK$6.1 million to Xinyi International, being the sole shareholder of Xinyi Automobile Glass (HK) prior to the Reorganisation. Further information on the Reorganisation is set forth in the section headed "History, Development and Reorganisation — Reorganisation" in this prospectus. The dividend payment represented the return of profit generated from the Vehicle Glass Trading Business to Xinyi International. As the audited consolidated financial information of our Group set forth in Appendix I to this prospectus does not include the performance of the Vehicle Trading Business during the Track Record Period, the payment of dividend described above is therefore not reflected in Appendix I to this prospectus.

We do not have any fixed dividend payout ratio following the Listing. Subject to the Cayman Companies Laws and the Articles of Association, our Board may, under certain circumstances, determine the dividend payment at its own discretion after taking into consideration factors such as our profits, cash flows, business opportunities and capital requirements (including the capital injection to our subsidiaries for their future expansion), general financial condition, regulatory limitations on our subsidiaries' ability to distribute dividends to us and any other factors that our Board considers relevant. If we declare any dividends in the future, it may only be paid out of our profits or, if the Articles allow for it, out of our share premium account provided that the relevant laws, including the Cayman Companies Laws are complied with.

Further information is set forth in the section headed "Financial Information — Dividend paid during the Track Record Period and dividend policy" on pages 172 to 173 in this prospectus.

DELINEATION OF BUSINESS BETWEEN OUR GROUP AND THE REMAINING GROUP

Prior to the Reorganisation, our retail and servicing business was part of the automobile glass business segment of the Xinyi Glass Group. The other two business segments of the Xinyi Glass Group are construction glass and float glass. Following completion of the Spin-Off and the Listing, the Remaining Group will continue to have three business segments, and we will focus on the provision of vehicle glass repairs and replacement services in Hong Kong.

Further information on the respective business activities of our Group and the Remaining Group and the related corporate governance measures to prevent conflict of interests in making decisions at the respective boards of directors of our Company and Xinyi Glass is set forth in the section headed "Relationship with the Remaining Group and our Controlling Shareholders" on pages 192 to 200 in this prospectus.

SPIN-OFF AND LISTING

On 18 September 2015, Xinyi Glass and our Company submitted to the Stock Exchange a proposal for the Spin-Off pursuant to Practice Note 15 to the Listing Rules and Rule 7.16 of the Listing Rules, respectively. On 12 November 2015, the Stock Exchange confirmed that Xinyi Glass may proceed with the Spin-Off. On 17 May 2016, the Xinyi Glass Board announces that the Hong Kong Public Offering would be included as part of the Spin-Off and the Listing, in addition to the Xinyi Glass Distribution.

Prior to completion of the Spin-Off and the Listing, we were part of the automobile glass business segment of the Xinyi Glass Group. The Xinyi Glass Group is principally engaged in the production and sales of float glass, automobile glass and energy-saving construction and related glass at the production facilities in China. Xinyi Glass has been listed on the Main Board since 3 February 2005. Following the separate listing of Xinyi Solar on the Main Board in December 2013, the Xinyi Glass Directors consider that our business merits a separate listing on GEM. Following completion of the Spin-Off and the Listing, the Remaining Group will continue to be engaged in the production and sales of float glass, automobile glass and energy-saving construction and related glass for the PRC and overseas markets. We will focus on the provision of vehicle glass repairs and replacement services in Hong Kong, i.e. the Automobile Glass Installation Business.

During the Track Record Period and prior to completion of the Reorganisation, we were principally engaged in two principal business activities, namely (a) the Automobile Glass Installation Business and (b) the Vehicle Glass Trading Business. Upon completion of the Reorganisation, the Vehicle Glass Trading Business has been transferred to the Remaining Group. The audited consolidated financial information of our Group as set forth in Appendix I to this prospectus does not include the performance of the Vehicle Glass Trading Business during the Track Record Period.

The Spin-Off will be implemented in compliance with the Listing Rules including Practice Note 15 to the Listing Rules. According to the Listing Rules, approval by the Xinyi Glass Shareholders is not required for the Spin-Off. The Xinyi Glass Distribution is not subject to the approval by the Xinyi Glass Shareholders under article 155 of the Xinyi Glass Articles. The Hong Kong Public Offering will involve the offering of 55,000,000 Hong Kong Offer Shares to members of the public in Hong Kong according to the terms and conditions in this prospectus and the Application Forms.

The Spin-Off and the Listing are conditional upon:

(a) the Stock Exchange approving the Spin-Off;

(b) the Hong Kong Public Offering becomes unconditional and is duly completed in accordance with the terms and conditions in this prospectus and the Application Forms; and

(c) the Listing Department granting the listing of, and permission to deal in, our Shares in issue and the Hong Kong Offer Shares to be issued pursuant to the Hong Kong Public Offering on GEM and such listing and permission not subsequently having been revoked prior to the commencement of dealing in our Shares on GEM.

Immediately following completion of the Listing, Xinyi Glass will cease to be a Shareholder.

Further information on the Spin-Off and the Listing, the Xinyi Glass Distribution and the Hong Kong Public Offering is set forth in the consecutive sections headed "Spin-Off and Listing", "Xinyi Glass Distribution" and "Hong Kong Public Offering", respectively, on pages 37 to 45 in this prospectus.

There will be continuing connected transactions with the Remaining Group, which will be conducted on an arm's length basis as confirmed by our Directors. Further information on these transactions is set forth in the section headed "Continuing Connected Transactions" on pages 132 to 136 in this prospectus. Except for these continuing connected transactions and the two overlapping directors between the boards of directors of Xinyi Glass and our Company, there is no other business relationship between our Group and the Xinyi Glass Group.

XINYI GLASS DISTRIBUTION

On 25 June 2016, the Xinyi Glass Board declared a conditional distribution in specie, by way of special interim dividend, of all Shares in issue to the Xinyi Glass Qualifying Shareholders. The Xinyi Glass Distribution is not required to be approved by the Xinyi Glass Shareholders under article 155 of the Xinyi Glass Articles. Each Xinyi Glass Qualifying Shareholder will be entitled to one Share for eight Xinyi Glass Shares held by he/she/it as of the close of business on the Xinyi Glass Distribution Record Date. The special interim dividend is conditional upon the Spin-Off becoming unconditional. On the basis of 3,880,897,699 Xinyi Glass Shares in issue on the Xinyi Glass Distribution Record Date, a total of 485,112,212.38 Shares (consisting of 699 Shares in issue and 485,111,513.38 Shares issued pursuant to the Capitalisation Issue), representing all the Shares in issue, will be distributed to the Xinyi Glass Qualifying Shareholders on a *pro rata* basis.

As of the Latest Practicable Date, there were 3,880,897,699 Xinyi Glass Shares in issue, which means that the Xinyi Glass Distribution will comprise of 485,112,212.38 Shares. If there is any increase in the number of Xinyi Glass Shares after the Latest Practicable Date and before the Xinyi Glass Distribution Record Date, the number of Shares comprising the Xinyi Glass Distribution will increase accordingly so as to maintain the distribution ratio of one Share for eight Xinyi Glass Shares. Our Directors and the Xinyi Glass Directors do not expect that there will be any significant increase in the number of Xinyi Glass Shares on or before the Xinyi Glass Distribution Record Date. The Xinyi Glass Shares may increase on or before the Xinyi Glass Distribution Record Date as a result of exercise of the share options by the employees of Xinyi Glass Group under the share option scheme adopted by Xinyi Glass. Xinyi Glass will issue a further announcement on the exact number of Xinyi Glass Shares in issue as of the Xinyi Glass Distribution Record Date and the number of our Shares subject to the Xinyi Glass Distribution.

As of the Latest Practicable Date, our Directors confirm that 25 Xinyi Glass Qualifying Shareholders (including both the Xinyi Glass Controlling Shareholders and the public Xinyi Glass Shareholders) will have fractional entitlements to our Shares under the Xinyi Glass Distribution. Fractions of our Shares will not be allotted to the Xinyi Glass Qualifying Shareholders under the Xinyi Glass Distribution. For the Xinyi Glass Qualifying Shareholders with fractional entitlement to our Shares under the Xinyi Glass Distribution, their entitlements will be rounded down to the nearest whole number of Share. The fractional entitlements of the Xinyi Glass Qualifying Shareholders will be aggregated and sold to a third party at the price equivalent to the closing price for each Share on the Listing Date. The proceeds of sale (net of expenses and taxes) will be paid to the relevant Xinyi Glass Qualifying Shareholders according to their respective entitlements.

The Xinyi Glass Overseas Shareholders should inform themselves about and observe all legal and regulatory requirements applicable to them. It is the responsibility of the Xinyi Glass Overseas Shareholders to satisfy themselves as to the full observance of the laws of the relevant jurisdictions applicable to them in connection with Xinyi Glass Distribution, including obtaining of any governmental, exchange control or other consents which may be required, or compliance with any other necessary formalities and payment of any issue, transfer or other taxes due in such jurisdiction.

The Xinyi Glass Overseas Shareholders should consult their professional advisers if they are in any doubt as to the potential applicability of, or consequences under, any provision of law or regulation or judicial or regulatory decisions or interpretations in any jurisdiction, territory or locality therein or thereof and, in particular, whether there will be any restriction or prohibition on the receipt, acquisition, retention, disposal or otherwise with respect to our Shares. It is emphasised that none of Xinyi Glass, our Company, the Sole Sponsor, any of their respective directors, officers, employees, agents or representatives or any other person involved in the Spin-off accepts any responsibility in relation to the above. Further information on the Xinyi Glass Distribution is set forth in the section headed "Xinyi Glass Distribution — Overview" on pages 40 to 41 in this prospectus.

PRC STOCK CONNECT INVESTORS

The Xinyi Glass Board has been advised by its legal adviser on the laws of the PRC that the PRC Stock Connect Investors may receive our Shares pursuant to the Xinyi Glass Distribution through ChinaClear if it holds Xinyi Glass Shares on the Xinyi Glass Distribution Record Date. In addition, according to the PRC legal adviser of Xinyi Glass and the Frequently Asked Questions Series 29 regarding Shanghai-Hong Kong Stock Connect, the PRC Stock Connect Investors (or the relevant ChinaClear participants, as the case may be) whose stock accounts in ChinaClear are credited with our Shares may only sell them on the Stock Exchange under Shanghai-Hong Kong Stock Connect but may not purchase our Shares as our Shares are not one of the eligible securities under the Shanghai-Hong Kong Stock Connect. PRC Stock Connect Investors should seek advice from their intermediary (including broker, custodian, nominee or ChinaClear participant) and/or other professional advisers for details of the logistical arrangements as required by ChinaClear.

Further information on the PRC Stock Connect Investors is set forth in the section headed "Xinyi Glass Distribution — PRC Stock Connect Investors" on pages 41 to 42 in this prospectus.

CONTROLLING SHAREHOLDERS

Immediately after completion of the Xinyi Glass Distribution, the Hong Kong Public Offering, the Spin-Off and the Listing, Datuk LEE Yin Yee, B.B.S, Mr. TUNG Ching Bor, Mr. TUNG Ching Sai, Mr. LEE Sing Din, Mr. LI Ching Wai, Mr. LI Man Yin, Mr. SZE Nang Sze, Mr. NG Ngan Ho and Mr. LI Ching Leung will become our Controlling Shareholders and will jointly and beneficially own 51.346% of our Shares in issue on the basis of 3,880,897,699 Xinyi Glass Shares in issue as of the Xinyi Glass Distribution Record Date. Further information on our Controlling Shareholders is set out in the section headed "Controlling Shareholders and Substantial Shareholders" on pages 187 to 191 in this prospectus.

HONG KONG PUBLIC OFFERING

The Hong Kong Public Offering will involve the offering of 55,000,000 Hong Kong Offer Shares to members of the public in Hong Kong according to the terms and conditions in this prospectus and the Application Forms.

Further information on the Hong Kong Public Offering is set forth in the sections headed "Hong Kong Public Offering" on pages 43 to 45 and "How to Apply for Hong Kong Offer Shares" on pages 208 to 223 in this prospectus.

REASONS FOR AND BENEFITS OF THE SPIN-OFF AND THE LISTING

The primary purpose of the Spin-Off and the Listing is to have a clear delineation of the retail and servicing business from the glass manufacturing business currently conducted by the Xinyi Glass Group. We intend to continue to operate our business at low gearing ratio. Although we may finance our future plans from the banking facilities or out of our own financial resources, the Listing will benefit our healthy liquidity position and further enhance the business development of our Group with the independent ability to access the equity capital markets. Our Directors and the Xinyi Glass Directors believe that it is necessary for our Group, after a decade of its business operations, to have our own equity financing platform for our business development. The Spin-Off and the Listing represent the first step of this effort to have a direct access to the equity capital markets.

The Spin-Off and the Listing will be conducted by way of the Xinyi Glass Distribution and the Hong Kong Public Offering. The Xinyi Glass Distribution will allow each Xinyi Glass Qualifying

Shareholders to be entitled to the Shares. The Hong Kong Public Offering will provide additional funding for our business development. Following completion of the Spin-Off and the Listing, we will have our own listing platform on GEM independent from the Remaining Group. Our Directors and the Xinyi Glass Directors believe that the Spin-Off will benefit to both as:

(a) the Spin-Off and the Listing will create our Company as an investment opportunity for new investors and unlock the value for the Xinyi Glass Shareholders by better identifying and establishing the stand-alone corporate value of our business;

(b) the Spin-Off and the Listing will lead to a more direct alignment of the responsibilities and accountability of the management of both our Group and the Remaining Group with their respective operating and financial performance. This will result in enhanced management focus, better allocation of resources, more efficient decision-making process and faster responsiveness to the market changes on the respective businesses of our Group and the Remaining Group;

(c) the Spin-Off and the Listing will increase the operational and financial transparency of our Group, through which investors would be able to appraise and assess the performance and the potential of our Group as a separate entity, and the Spin-Off and the Listing will allow us to target our own investor base, more effectively, which in turn improves the capital raising and capital allocation on a competitive basis to enhance growth within each company;

(d) the Spin-Off and the Listing will enhance the financial and operational transparency of our Company, enable us to negotiate with banks for better terms of financing for its future business plans, to directly and independently access both equity and debt capital markets, and will facilitate it in securing banking facilities, which in turn will increase the financing flexibility to achieve our business strategies and will therefore be advantageous to us not only on the proceeds that may be raised through Hong Kong Public Offering, but also on the fund raising opportunities that may be provided to us as a listed company on the Stock Exchange;

(e) the Hong Kong Public Offering will enhance our investor base and provide additional funding for our business development; and

(f) the Listing will also enhance our profile amongst our customers, suppliers and other business partners, as well as our ability to recruit, motivate and retain key management personnel. We will enjoy greater flexibility in providing management incentives and making acquisitions by using our Shares as acquisition currency.

Although the amount of the expenses for the Listing represents a significant proportion of the gross proceeds from the Hong Kong Public Offering, these are non-recurring costs that we would not have to pay following completion of the Spin-Off and the Listing. With the listing status on the Stock Exchange, we will have the opportunity to access to additional equity financing with minimum additional cost. Our Directors therefore believe that the Spin-Off and the Listing are beneficial to us in the long run. In making the decision of the Spin-Off and the Listing, our Directors and the Xinyi Glass Directors have thoroughly considered all the relevant factors and have approved the Spin-Off and the Listing in observance of the duties faithfully and in carrying out their functions with due care, skill and diligence.

SUMMARY OF KEY OPERATIONAL AND FINANCIAL INFORMATION

Summary of consolidated statements of profit or loss and other comprehensive income

The following sets forth selected items of our consolidated statements of profit or loss and other comprehensive income for the Track Record Period:

	Year ended 31 December	
	2014	2015
	HK$'000	*HK$'000*
Revenue	42,505	45,864
Gross profit	16,786	17,507
Selling and marketing costs	(3,331)	(3,675)
Administrative expenses	(1,753)	(16,690)
Operating profit/(loss)	11,931	(2,650)
Profit/(loss) for the year	9,933	(4,543)
Adjusted net profit (unaudited) [(1)]	9,933	9,398

Note:

(1) The amount of the unaudited adjusted net profit represents the audited profit/(loss) for the year excluding (a) the expenses for the Listing; (b) the amount of written-off on the plant and equipment on the Yuen Long Land; and (c) the penalty paid by us. Adjusted net profit is not defined under HKFRS. The use of the unaudited adjusted net profit as an analytical tool has material limitations as it does not include all items that impacted our net profit or loss during the year.

Our revenue is principally generated from the provision of vehicle glass repairs and replacement services, which includes the cost of the vehicle glass supplied for onto the vehicles of our customers/insured car owners and the fees for our services provided. We have a diversified customer base. The following table sets forth an analysis of our revenue based on the type of our customers during the Track Record Period:

	Year ended 31 December			
	2014		2015	
	HK$'000	*%*	*HK$'000*	*%*
Corporate customers (other than insurance companies)	22,669	53.3	23,598	51.5
Individual customers	16,789	39.5	18,603	40.5
Insurance companies	3,047	7.2	3,663	8.0
Total	42,505	100.0	45,864	100.0

During the Track Record Period, our revenue amounted to HK$42.5 million and HK$45.9 million, respectively. The increase in our revenue was primarily driven by the increases in the average fees charged by us. However, we had net loss of HK$4.5 million during the year ended 31 December 2015 primarily due to the expenses for the Listing of HK$13.5 million incurred during the year. Such expenses were partially compensated by the higher amount of the gross profit generated during the year as we were able to shift the increases in the cost of revenue to our customers during the year.

The decrease in unaudited adjusted net profit during the year ended 31 December 2015 was primarily attributable to the increase in the staff cost mainly due to the recruitment of senior management staff for the preparation of the Listing.

During the Track Record Period, our gross profit amounted to HK$16.8 million and HK$17.5 million, respectively, with our gross profit margin amounted to 39.5% and 38.2%, respectively. Our gross profit margins decreased slightly during the Track Record Period was mainly attributable to the additional lease payments for the San Tin Land incurred by us since the middle of October 2015, which increased our cost of revenue for the year ended 31 December 2015. We expect our gross profit margin for the year ending 31 December 2016 will decrease as a result of the additional lease payments for (i) the San Tin Land and (ii) the new shop premises rented for the expansion of our Tokwawan service centre since the middle of June 2016.

Summary of consolidated statements of financial position

The following sets forth the principal components of our assets and liabilities as of 31 December 2014 and 2015:

	As of 31 December	
	2014	2015
	HK$'000	*HK$'000*
Non-current assets	13,331	12,683
Current assets	53,754	65,867
Current liabilities	9,107	15,745
Net current assets	44,647	50,122
Total equity attributable to owners of the Company	57,978	62,805

Summary of consolidated statements of cash flows

	Year ended 31 December	
	2014	2015
	HK$'000	*HK$'000*
Net cash generated from operating activities[(1)]	11,516	8,144
Net cash (used in)/generated from investing activities	(12,217)	9,337
Net cash generated from financing activities	1,982	1,659
Net increase in cash and cash equivalents	1,281	19,140
Cash and cash equivalents at the beginning of the year	4,831	6,112
Cash and cash equivalents at the end of the year	6,112	25,252

Note:

(1) The decrease in net cash generated from operating activities during the year ended 31 December 2015 was mainly due to the cash outflows primarily because of the increase in our inventories of HK$1.9 million for the purpose of providing sufficient stock to satisfy the demand from our customers, and the increase in trade and other receivables by HK$1.4 million mainly as a result of the increase in the rental deposits and trade receivables.

Further information on our financial information during the Track Record Period is set forth in the section headed "Financial Information" on pages 137 to 175 in this prospectus.

KEY FINANCIAL RATIOS

	As of/Year ended 31 December	
	2014	**2015**
Revenue growth (%)	N/A	7.9
Net profit growth (%)[1]	N/A	(145.7)
Gross profit margin (%)	39.5	38.2
Net profit margin (%)[1]	23.4	N/A
Return on equity (%)[1]	17.1	N/A
Return on total assets (%)[1]	14.8	N/A

Note:

(1) We incurred net loss during the year ended 31 December 2015 mainly due to the expenses incurred for Listing of HK$13.5 million.

Further information on our ratio analysis during the Track Record period is set forth in the section headed "Financial Information — Key financial ratios" on pages 168 to 169 in this prospectus.

OFFER STATISTICS

	Based on the minimum Offer Price of HK$0.55	**Based on the maximum Offer Price of HK$0.70**
Market capitalisation of our Shares at Listing [1]	HK$297.1 million	HK$378.1 million
Unaudited consolidated pro forma adjusted net tangible asset per Share [2]	HK$0.17	HK$0.18

Notes:

(1) The calculation of the market capitalisation is based on 540,112,212.38 Shares expected to be in issue immediately following completion of the Hong Kong Public Offering without taking into consideration any Shares which may be granted and issued or repurchased pursuant to the Issuing Mandate and the Buy-Back Mandate.

(2) The unaudited pro forma net tangible assets per Share is arrived on the basis that 540,112,212.38 Shares expected to be in issue immediately following the completion of the Hong Kong Public Offering without taking into consideration any Shares which may be issued or repurchased pursuant to the Issuing Mandate and the Buy-Back Mandate.

STATEMENT OF BUSINESS OBJECTIVES, FUTURE PLANS AND USE OF NET PROCEEDS FROM THE HONG KONG PUBLIC OFFERING

We estimate the net proceeds of the Hong Kong Public Offering which we will receive, assuming an Offer Price of HK$0.625 being the mid-point of the indicative Offer Price range, will be HK$28.0 million, after deduction of the estimated underwriting fees and other related expenses borne by the Group in connection with the Listing. The following table sets forth the proposed allocation of net proceeds from the Hong Kong Public Offering:

	From the Latest Practicable Date to 31 December 2016	**From the six months ending**					**Percentage of net proceeds from the Hong Kong Public Offering**
		30 June 2017	**31 December 2017**	**30 June 2018**	**31 December 2018**	**Total**	
	(HK$ million)	*(HK$ million)*	*(HK$ million)*	*(HK$ million)*	*(HK$ million)*	*(HK$ million)*	*(%)*
Expansion of service capacity	1.5	2.1	1.0	19.3	1.2	25.1	89.6
Improvement in customer service facilities and service quality	0.6	—	0.5	—	—	1.1	3.9
Sales and marketing	0.2	0.2	0.2	0.3	0.3	1.2	4.3
General working capital	0.1	0.1	0.2	0.1	0.1	0.6	2.2
Total						28.0	100.0

If the Offer Price is finally determined to be more than HK$0.625, being the mid-point of the indicative range of the Offer Price, the above proposed allocation of the net proceeds will increase on a *pro rata* basis. If the Offer Price is less than the mid-point of the indicative range of the Offer Price, the above allocation of the net proceeds will decrease on a *pro rata* basis and we plan to finance such shortfall by internally generated financial resources and/or other forms of external financing, as and when appropriate.

Further information is set forth in the section headed "Statement of Business Objectives, Future Plans and Use of Net Proceeds from the Hong Kong Public Offering" from pages 176 to 184 in this prospectus.

LISTING EXPENSES

We started the preparation of the Listing in July 2015. By completing the Listing, we expect that the total expenses for the Listing would be HK$19.1 million.

On 7 December 2015, it was agreed with Xinyi Glass that two-third of the listing expenses will be borne by Xinyi Glass. Upon payment of these expenses by Xinyi Glass, a capital contribution from Xinyi Glass will be recorded in the Company's equity.

Listing expenses directly attributable to issuing new Shares will be recognised in equity, while other expenses relating to the Listing will be recognised as administrative expenses. The expenses incurred for the Hong Kong Public Offering, including the underwriting commission, the fees and expenses payable to the professional parties involved in the Hong Kong Public Offering and the cost of printing of this prospectus, in the total amount of HK$0.8 million, will be recognised in equity (including the portion to be borne by Xinyi Glass). The remaining balance of the expenses for the Listing of HK$18.3 million is and will be recognised as expenses. As a result, an amount of HK$13.5 million has been included in our administrative expenses for the year ended 31 December 2015. We expect that an amount of HK$4.8 million will be accounted for as our administrative expenses for the year ending 31 December 2016.

RECENT BUSINESS DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

We did not experience any significant decrease in revenue or any unexpected increase in the cost of revenue and other costs subsequent to the Track Record Period and up to the Latest Practicable Date.

The vehicle glass repairs and replacement industry in Hong Kong remained relatively stable after the Track Record Period and up to the Latest Practicable Date. As far as our Directors are aware, there are no material adverse changes affecting the industry in Hong Kong which could have a material and adverse impact on our business and financial conditions and our operating results.

Our Directors confirm that there has been no material adverse change in our financial or trading position or prospects since 31 December 2015, being the date to which the Accountant's Report set forth in Appendix I to this prospectus is prepared, and up to the date of this prospectus. Our Directors further confirm there has been no event since 31 December 2015 which could materially and adversely affect the information in our consolidated financial statements included in the Accountant's Report set forth in Appendix I to this prospectus.

Subsequent to 31 December 2015, we have continued to focus on our business operations and expansion. Our Directors expect that we continue to maintain our pricing terms with our customers in general for the year ending 31 December 2016. Although we anticipate that the market conditions are generally stable, we could not eliminate any possible impact that we may encounter because of the slowdown in the growth of the global market and the possible further increase in US interest rates. According to the *Ipsos Report*, the estimated market size (in terms of value and volume) of the vehicle glass repair and replacement industry in Hong Kong is expected to grow over the period between 2016 to 2019. Driven by our strategy to enhance the business relationship with insurance companies, subsequent to 31 December 2015 and as of the Latest Practicable Date, we have entered into four additional non-exclusive agreements with insurance companies for the provision of vehicle glass repairing service to the cars under their insurance coverage.

In this prospectus, unless the context otherwise requires, the following expressions shall have the meanings set forth below.

"acting in concert"	has the meaning ascribed thereto in the Takeovers Code
"Application Form(s)"	**WHITE** Application Form(s), **YELLOW** Application Form(s), and **GREEN** Application Form(s), or where the context so requires, any of them, for the Hong Kong Public Offering
"Articles of Association" or "Articles"	the articles of association of our Company, adopted on 25 June 2016 and as amended from time to time, a summary of which is set forth in Appendix III to this prospectus
"associate(s)"	has the meaning ascribed thereto under the GEM Listing Rules
"Automobile Glass Installation Business"	the provision of vehicle glass repairs and replacement services in Hong Kong which is the current business engaged by us
"Board"	the board of Directors
"Buildings Department"	the Buildings Department of the Hong Kong Government
"Buildings Ordinance"	Buildings Ordinance (Chapter 123 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Business Day(s)"	a day on which banks in Hong Kong are generally open for normal banking business to the public and which is not a Saturday, a Sunday or a public holiday in Hong Kong
"Buy-Back Mandate"	the general unconditional mandate given to our Directors by the Shareholders relating to the buy-back of our Shares, further information on which is set forth in the section headed "Share Capital" in this prospectus and Appendix IV to this prospectus
"BVI"	the British Virgin Islands
"Capitalisation Issue"	the capitalisation of the amount of our retained profit of HK$4,851,115.1338 for the allotment and issue of 485,111,513.38 Shares to Xinyi Glass (BVI) prior to completion of the Spin-Off and the Listing
"Cayman Islands Company Law" or "Cayman Companies Law" or "Companies Law"	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, as amended or supplemented or otherwise modified from time to time

"Cayman Principal Registrar"	Estera Trust (Cayman) Limited
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant, who may be an individual, joint individuals or a corporation
"CCASS Participant"	a CCASS Clearing Participant or a CCASS Custodian Participant or a CCASS Investor Participant
"China" or the "PRC"	the People's Republic of China and, except where the context otherwise requires and only for the purpose of this prospectus, does not include Hong Kong, The Macau Special Administrative Region of the People's Republic of China and Taiwan
"ChinaClear"	China Securities Depository and Clearing Corporation Limited
"close associate(s)"	has the meaning ascribed thereto under the GEM Listing Rules
"Companies Ordinance"	Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies (Miscellaneous Provisions) Ordinance"	Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended or supplemented or otherwise modified from time to time
"Company" or "our Company"	Xinyi Automobile Glass Hong Kong Enterprises Limited (信義汽車玻璃香港企業有限公司), a company incorporated on 18 November 2015 in the Cayman Islands with limited liability, all of our Shares are proposed to be listed on GEM
"Competition Ordinance"	Competition Ordinance (Chapter 619 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"connected person(s)"	has the meaning ascribed thereto under the GEM Listing Rules

"Controlling Shareholder(s)"	has the meaning ascribed thereto under the GEM Listing Rules and a list of which is set forth in the section headed "Controlling Shareholders and Substantial Shareholders" in this prospectus
"Deed of Non-Competition"	the conditional deed of non-competition dated 25 June 2016 entered into by the Covenantors (as defined therein) in our favour, with further information set forth in the section headed "Controlling Shareholders and Substantial Shareholders" in this prospectus
"Director(s)"	the director(s) of our Company
"GEM"	The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited
"GEM Listing Rules"	The Rules Governing the Listing of Securities on The Growth Enterprise Market of the Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Glass Supply Agreement"	the glass supply agreement dated 14 December 2015 entered into between Xinyi Automobile Glass (HK) and Xinyi International and Xinyi Glass (Hong Kong), being members of the Remaining Group
"**GREEN** Application Form(s)"	the application form(s) to be completed by the **White Form eIPO** Service Provider, Computershare Hong Kong Investor Services Limited
"Group" or "our Group" or "we" or "us"	our Company and our subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of our present subsidiaries and the business operated by such subsidiaries or their predecessors, as the case may be
"HKFRS"	Hong Kong Financial Reporting Standards (including Hong Kong Accounting Standards and their interpretations) issued by the HKICPA
"HK$" or "Hong Kong dollar(s)"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"HKICPA"	Hong Kong Institute of Certified Public Accountants
"HKSCC"	Hong Kong Securities Clearing Company Limited a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC

"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Government"	the government of Hong Kong
"Hong Kong Offer Shares"	the 55,000,000 Shares being offered by our Company for subscription under the Hong Kong Public Offering
"Hong Kong Public Offering"	the offer of the Hong Kong Offer Shares for subscription by members of the public in Hong Kong for cash at the Offer Price on and subject to the terms and conditions described in the section headed "Hong Kong Public Offering" in this prospectus and the Application Forms
"Hong Kong Share Registrar"	Computershare Hong Kong Investor Services Limited
"Hong Kong Underwriting Agreement"	the conditional underwriting agreement dated 27 June 2016 in respect of the Hong Kong Public Offering entered into between, among others, our Company, our Controlling Shareholders, our executive Directors, the Sole Lead Manager and the Underwriters, further information of which is set forth in the section headed "Underwriting" in this prospectus
"Independent Third Party(ies)"	person(s) or company(ies) and their respective ultimate beneficial owner(s), who/which, to the best of our Directors' knowledge, information and belief, having made all reasonable enquiries, is/are not connected with our Company or our connected persons as defined under the GEM Listing Rules
"Ipsos"	Ipsos Limited, being an Independent Third Party and an industry consultant commissioned by us for the preparation of an industry report, a summary of which is set forth in the section headed "Industry Overview" in this prospectus
"Ipsos Report"	the market research report commissioned by us and prepared by Ipsos on the vehicle glass repairs and replacement industry in Hong Kong, an extract of which is set forth in the section headed "Industry Overview" in this prospectus
"Issuing Mandate"	the general unconditional mandate given to our Directors by our Shareholders relating to the issue of our Shares, further information on which is set forth in the paragraphs under "A. Further information about our Company — 4. Written resolutions of our sole Shareholder" in Appendix IV to this prospectus
"Latest Practicable Date"	20 June 2016, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information contained in this prospectus

"Lease Agreement"	the lease agreement dated 30 November 2015 entered into between Xinyi Automobile Glass (HK), Mr. LEE Shing Kan and Mr. TUNG Fong Ngai for lease of the premises situated at Shop No. 6, Ground Floor, Kam Tong Building, 20 Mok Cheong Street, Tokwawan, Kowloon, Hong Kong, which constitutes a continuing connected transaction of our Company and further information of which is set forth in the section headed "Continuing Connected Transaction" in this prospectus
"Listing"	the listing of our Shares on GEM
"Listing Date"	the date, expected to be on 11 July 2016, on which our Shares are listed and from which dealings therein are first permitted to take place on GEM
"Listing Department"	the Listing Department of the Stock Exchange
"Listing Rules"	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited , as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM
"Memorandum" or "Memorandum of Association"	the memorandum of association of our Company, adopted on 25 June 2016, as supplemented, amended or otherwise modified from time to time
"Offer Price"	the final offer price per Hong Kong Offer Share (excluding brokerage, SFC transaction levy, and Stock Exchange trading fee) which is expected to be not more than HK$0.70 and not less than HK$0.55 and may be determined on the Price Determination Date
"Outline Zoning Plan"	a statutory plan prepared by the Town Planning Board under the Town Planning Ordinance which shows the land use zones and the major road systems of individual planning scheme areas, with each plan accompanied by a schedule showing the permitted usage or the usage that requiring permission from the Town Planning Board upon application
"Philippines"	the Republic of the Philippines

"PRC Stock Connect Investor(s)"	the PRC southbound trading investor(s) through Shanghai-Hong Kong Stock Connect (the securities trading and clearing links programme developed by Hong Kong Exchanges and Clearing Limited, Shanghai Stock Exchange and ChinaClear) who hold Xinyi Glass Share(s) through ChinaClear and/or HKSCC Nominees Limited as nominee(s)
"Predecessor Companies Ordinance"	Companies Ordinance (Chapter 32 of the Laws of Hong Kong) which has been repealed and replaced by the Companies Ordinance
"Price Determination Agreement"	the agreement that may be entered into between our Company and the Sole Lead Manager (for themselves and on behalf of the Underwriters) on or before the Price Determination Date to record the Offer Price
"Price Determination Date"	the date on which the final Offer Price is to be determined by our Company and the Sole Lead Manager, which is expected to be on or about Tuesday, 5 July 2016 and in any event not later than 12:00 noon on Wednesday, 6 July 2016
"Regulation S"	Regulation S under the U.S. Securities Act
"Remaining Group"	Xinyi Glass and its subsidiaries (other than members of our Group immediately after completion of the Reorganisation)
"Remaining Group Balance"	an amount of HK$21.1 million due from the Remaining Group, representing the surplus cash that previously provided by Xinyi Automobile Glass (HK) to the Remaining Group, net of trade payables and other amounts due to the Remaining Group, which was settled by way of cash in full on 10 March 2016 as part of the Reorganisation
"Reorganisation"	the reorganisation steps implemented in preparation for the Listing, a summary of which is set forth in the section headed "History, Development and Reorganisation" in this prospectus
"San Tin Land"	the parcel of land situated at DD102, Lots 545 (part), 546, 554RP (part), 555, 556, 557, 558 (part), 559 and 564, Tsing Lung Tsuen, San Tin, Yuen Long, New Territories leased by us and is currently used as our warehouse
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the share capital of our Company with a par value of HK$0.01 each

"Shareholder(s)"	holder(s) of the Shares
"Shareholders' Agreement"	the shareholders' agreement dated 25 June 2016 entered into amongst our Controlling Shareholders, further information on which is set forth in the section headed "Controlling Shareholders and Substantial Shareholders" in this prospectus
"Sole Lead Manager"	RHB Securities Hong Kong Limited, a corporation licensed under the SFO and permitted to conduct type 1 (dealing in securities) and type 4 (advising on securities) regulated activities
"Sole Sponsor"	RHB Capital Hong Kong Limited, a corporation licensed under the SFO and permitted to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities
"Spin-Off"	the spin-off of our Company to be effected through the Xinyi Glass Distribution and the Hong Kong Public Offering
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed thereto in the Companies Ordinance
"Substantial Shareholder(s)"	has the meaning ascribed thereto under the GEM Listing Rules
"Takeovers Code"	The Hong Kong Code on Takeovers and Mergers
"Town Planning Board"	a statutory organisation established under the Town Planning Ordinance for determination of the Outline Zoning Plans as well as the types of buildings that are suitable for designated land parcels
"Town Planning Ordinance"	Town Planning Ordinance (Chapter 131 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Track Record Period"	the two years ended 31 December 2015
"Underwriters"	the underwriters of the Hong Kong Public Offering named in the section headed "Underwriting — Underwriters"
"US$" or "US dollar(s)"	United States dollars, the lawful currency of the United States of America
"U.S. Securities Act"	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder

"**WHITE** Application Form(s)"	the form of application for the Hong Kong Offer Shares for use by applicants who are members of the public in Hong Kong and require such Hong Kong Offer Shares to be issued in their own name
"**White Form eIPO**"	an application for Hong Kong Offer Shares to be issued in the applicant's own name submitted online through the designated website of **White Form eIPO** at **www.eipo.com.hk**
"White Form eIPO Service Provider"	Computershare Hong Kong Investor Services Limited
"Vehicle Glass Trading Business"	the vehicle glass trading business previously conducted by us, which has been part of the business activities currently conducted by the Remaining Group following completion of the Reorganisation
"Xinyi Automobile Glass (BVI)"	Xinyi Automobile Glass Enterprises Limited (信義汽車玻璃企業有限公司), a company incorporated in the BVI with limited liability on 1 December 2015 and a wholly-owned subsidiary of our Company
"Xinyi Automobile Glass (HK)"	Xinyi Automobile Glass Company Limited (信義汽車玻璃有限公司), a company incorporated in Hong Kong with limited liability on 10 December 1991 and a wholly-owned subsidiary of our Company
"Xinyi Glass"	Xinyi Glass Holdings Limited (信義玻璃控股有限公司), a company incorporated in the Cayman Islands with limited liability on 25 June 2004 with all of its shares listed on the Main Board (stock code: 00868) and our holding company prior to completion of the Spin-Off and the Listing
"Xinyi Glass Articles"	the articles of association of Xinyi Glass
"Xinyi Glass Board"	the board of directors of Xinyi Glass
"Xinyi Glass Controlling Shareholders"	the controlling shareholders (as defined under the Listing Rules) of Xinyi Glass, which are also our Controlling Shareholders
"Xinyi Glass Directors"	the directors of Xinyi Glass

"Xinyi Glass Distribution"	the conditional special interim dividend declared by Xinyi Glass to the Xinyi Glass Shareholders to be settled, (a) by way of distribution in specie of all Shares in issue to the Xinyi Glass Qualifying Shareholders in the proportion of one Share for eight Xinyi Glass Shares held by them at the close of business on the Xinyi Glass Distribution Record Date and (b) by way of cash payment (after deducting expenses) to the Xinyi Glass Overseas Shareholders whom the Xinyi Glass Board, after making enquiries and based on the legal opinion provided by legal advisers, considers it necessary or expedient not to distribute our Shares, and the amount of cash payment are the net proceeds of the sale by Xinyi Glass on their behalf of our Shares to which the Xinyi Glass Overseas Shareholders would otherwise be entitled to receive in either case, subject to the satisfaction of the terms and conditions described in the section headed "Xinyi Glass Distribution" in this prospectus
"Xinyi Glass Distribution Record Date"	30 June 2016, being the record date for ascertaining the entitlement to the Xinyi Glass Distribution amongst the Xinyi Glass Qualifying Shareholders
"Xinyi Glass Group"	Xinyi Glass and its subsidiaries, including members of our Group prior to the Reorganisation
"Xinyi Glass Overseas Shareholder(s)"	Xinyi Glass Shareholder(s) whose address(es) is/are recorded on the register of members of Xinyi Glass in Hong Kong at the close of business on the Xinyi Glass Distribution Record Date is/are in jurisdiction outside Hong Kong
"Xinyi Glass Qualifying Shareholders"	shareholders of Xinyi Glass whose names are recorded on the register of members of Xinyi Glass in Hong Kong at the close of business on the Xinyi Glass Distribution Record Date
"Xinyi Glass Shareholders"	holders of Xinyi Glass Shares
"Xinyi Glass Share(s)"	ordinary share(s) with a par value of HK$0.10 each in the share capital of Xinyi Glass
"Xinyi Glass (BVI)"	Xinyi Automobile Glass (BVI) Company Limited, a company incorporated in the BVI on 13 June 2002, a wholly-owned subsidiary of Xinyi Glass and our immediate holding company prior to completion of the Spin-Off and the Listing

"Xinyi Glass (Hong Kong)"	Xinyi Group (Glass) Company Limited (信義集團(玻璃)有限公司), a company incorporated in Hong Kong with limited liability on 2 June 1989, a wholly-owned subsidiary of Xinyi Glass and one of our connected persons
"Xinyi International"	Xinyi International Investments Limited (信義國際投資有限公司), a company incorporated in Hong Kong with limited liability on 20 April 2001, a wholly-owned subsidiary of Xinyi Glass and one of our connected persons
"Xinyi Solar"	Xinyi Solar Holdings Limited (信義光能控股有限公司), a company incorporated in the Cayman Islands with limited liability on 11 January 2011 with all of its shares listed on the Main Board (stock code: 00968), an associate company of Xinyi Glass and a connected person of our Company
"**YELLOW** Application Form(s)"	the form of application for the Hong Kong Offer Shares for use by applicants who are members of the public in Hong Kong and require such Hong Kong Offer Shares to be deposited directly into CCASS
"Yuen Long Land"	the parcel of land situated at DD 110, Lot 160RP, Tsat Sing Kong Village, Kam Tin, Yuen Long, New Territories, Hong Kong owned by us and is currently vacant
"%"	per cent.

Words importing the singular include, where applicable, the plural and vice versa. Words importing the masculine gender include, where applicable, the feminine and neuter genders.

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

All times and dates refer to Hong Kong local time and dates unless otherwise stated.

This glossary contains explanations of certain technical terms and abbreviations used in this prospectus that are in connection with our business. The terms and their assigned meanings may not, however, correspond to standard industry meaning or usage of those terms, as the terms may be.

"aftermarket vehicle glass"	vehicle glass manufactured by automobile glass companies which are not under contract for automobile manufacturers
"CAGR"	compound annual growth rate
"glass glue"	consumables such as glazier's putty, grafting putty, resin cements, caulking compounds, other mastics and painters' fillings
"laminated glass"	glass comprised of two or more layers of float glass with PVB interlayers bonded between them, which can help to prevent objects striking the glass from penetrating the glass and prevent the glass from shattering into sharp pieces, and laminated glass is generally used in windscreen and construction glass
"OEM vehicle glass"	vehicle glass manufactured either by the automobile manufacturers or their approved automobile glass manufacturers and is identical in every respect to the original, factory installed vehicle glass
"PVB"	polyvinyl butyral, a resin generally used for applications that require strong binding and optical clarity
"rear window glass"	the glass installed onto the rear window of a vehicle and is usually made by tempered glass
"side glass"	the glass for the side window of a vehicle and is made by tempered glass
"sq. ft."	square feet(s)
"tempered glass"	glass produced by heating float glass to softening point and rapidly cooling the surface uniformly with air to increase its strength, which will be broken into small pieces without sharp edges when struck by an object is generally used in side glass or rear window glass or other safe glass commercial applications
"ultraviolet coating"	a glossy and shiny coating applied to a glass surface and is cured and hardened by receiving ultra violet radiation from a special machine and a type of coating commonly used in vehicle glass

"windscreen"	the vehicle glass installed onto a vehicle for the protection of the vehicle's drivers and passengers from wind and flying debris or other objects when driving and is designed aerodynamically as part of the overall design of a vehicle, which is generally made of laminated glass with or without ultraviolet coating

This prospectus includes certain statements that are, or may be deemed to be, "forward-looking statements". All statements other than statements of historical fact contained in this prospectus, including, without limitation, statements regarding our future financial position, our strategies, plans, objectives, goals, targets and future developments in the markets where we participate or are seeking to participate, and any statements preceded by, followed by or that include the words "believe", "expect", "estimate", "predict", "aim", "intend", "will", "may", "plan", "consider", "anticipate", "seek", "should", "could", "would", "continue", or similar expressions or the negative thereof, are forward-looking statements. These forward-looking statements have been made by our Directors after due and careful consideration and on the bases and assumptions that are fair and reasonable. Nevertheless, these forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond our control, which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Important factors that could cause our actual performance or achievements to differ materially from those in the forward-looking statements include, among others, the following:

— our ability to successfully implement our business plan and strategies;
— the policies and regulatory framework for the vehicle glass repairs and replacement industry in Hong Kong;
— future developments and other trends in the vehicle glass repairs and replacement industry in Hong Kong;
— fluctuations in the prices and availability of the raw materials, energy and utilities required for our services;
— changes to our expansion plans and estimated capital expenditure;
— changes in our operations and business prospects;
— changes in our financial condition and performance;
— our dividend policy;
— general political and economic conditions relating to Hong Kong;
— exchange rate fluctuations and developing legal system, in each case pertaining to Hong Kong and the industry and markets in which we operate;
— regulations and restrictions, including tariffs and environmental regulations; and
— other factors discussed in sections headed "Risk Factors", "Business", and "Financial Information" in this prospectus.

Forward-looking statements may and often do differ materially from actual results. We caution you not to place undue reliance on these forward-looking statements, which reflect our management's view only as of the date of this prospectus and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to our business.

Subject to the requirements of applicable laws, rules and regulations, we do not intend to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set forth in this section as well as the risks and uncertainties discussed in the section headed "Risk Factors" in this prospectus.

Investing in our Shares involves certain risks. You should carefully consider the risks described below and all the other information contained in this prospectus before making an investment decision. Any of the following risks could materially and adversely affect our business operations, financial conditions and operating results. In any such case, the trading price of our Shares could decline, and you may lose part or all of your investment.

RISKS RELATING TO OUR BUSINESS

We operate in Hong Kong only and will continue to be affected by the economic, social and political conditions in Hong Kong.

We generate revenue from our business operations which are only focused on the vehicle glass repairs and replacement market in Hong Kong. Our business operations and the demand for our services are affected by any deterioration in the economic, social and political conditions as well as any incident of social unrest, strike, civil disturbances or disobedience in Hong Kong. In addition, the economy and business environment in Hong Kong is affected by the economic conditions of other countries and territories, including the PRC. As our business growth relies on the Hong Kong market, any adverse circumstances described above may materially and adversely affect the demand for motor vehicles as well as vehicle glass repairs and replacement service or disrupt our business operations, which may affect our business and financial conditions and operating results.

We source some of the vehicle glass from the Remaining Group and any disruption to the supply of vehicle glass from the Remaining Group could materially and adversely affect our business and financial conditions and our operating results.

During the Track Record Period, the Xinyi Glass Group was our largest supplier. During the Track Record Period, our purchase of vehicle glass from the Xinyi Glass Group amounted to HK$7.7 million and HK$5.5 million, respectively, representing 73.5% and 44.9% of the total amount of our purchase, respectively. We will continue to purchase vehicle glass from the Remaining Group following the Listing. Pursuant to the Glass Supply Agreement, the Remaining Group has agreed to supply vehicle glass at prices determined with reference to the market prices. The purchase of vehicle glass from the Remaining Group constitutes continuing connected transactions for our Company upon the Listing. Further information on the purchase is set forth in the section headed "Continuing Connected Transactions" in this prospectus.

In addition to the Remaining Group, we have entered into glass supply agreements with three Independent Third Parties. We have a short business relationship with these suppliers. If there is any disruption of supply of vehicle glass from the Remaining Group, we may not be able to satisfy our demand from other suppliers in a timely manner. Our business and financial conditions and operating results could then be materially and adversely affected.

Our business and financial conditions and operating results depend on the constant supply of vehicle glass and our ability to effectively manage and maintain our level of inventories.

The provision of our vehicle glass repairs and replacement services requires a stable and sufficient supply of vehicle glass. If there is any shortage or delay in the supply, or deterioration in the quality of the vehicle glass supplied by our suppliers, and in the event that we are not able to identify alternative sources of supply with competitive prices, sufficient quantity and satisfactory quality in a timely and commercially viable manner, our business and financial conditions and operating results could be adversely affected.

Our inventories mainly consisted of finished goods, being vehicle glass, and other consumables such as glass glue and rubber strips. We closely monitor the level of our inventories in order to maintain a reasonable balance of inventories and inventory turnover days and minimise the working capital required for the inventories. As of 31 December 2014 and 2015, the balance of our inventories was HK$7.6 million and HK$9.2 million, respectively, representing 11.3% and 11.7% of our total assets as of the respective dates. Our inventory turnover days were 108.0 days and 108.0 days during the Track Record Period, respectively. Our inventories aged within 12 months accounted for 49.6% and 55.4% of the total inventory balance as of 31 December 2014 and 2015, respectively. Further information on the increase in inventories during the aforesaid periods is set forth in the section headed "Financial Information — Principal components of our consolidated balance sheets — Inventories" in this prospectus. We cannot assure you that the balance of our inventories and our inventory turnover days can be maintained at reasonable levels in the future. We may need additional working capital and incur additional finance cost if we maintain excessive level of inventories. On the other hand, if we do not maintain sufficient inventories or our inventories are not diversified in terms of the brands and models of vehicle glass, we may lose our strengths. As such, our business and financial conditions and operating results could be adversely affected.

In addition, the increasing balance of inventories may require us to make increasing amount of provision for impairment of the inventories. Our impairment loss on inventories during the Track Record Period amounted to HK$0.1 million and HK$0.3 million, respectively. Any decrease in the prevailing market prices of our vehicle glass due to changes in the market demand and supply conditions could result in further provisions to be made, which could also adversely affect our business and financial conditions and operating results.

Any complaints or claims by our customers or negative publicity on our Group could materially and adversely affect our reputation and business.

We purchase vehicle glass from vehicle glass manufacturers or distributors, and we provide the workmanship necessary for the installation of vehicle glass onto our customers' vehicles. The vehicle glass purchased by us is in full compliance with the applicable international and local standards, and we perform regular inspections and quality checks on the vehicle glass on a random basis. We also provide ongoing technical trainings to our technicians, implement internal quality control procedures and ensure adequate supervision on our technicians in order to ensure the quality of our installation services. However, we cannot assure you that our customers will be satisfied with the quality of the vehicle glass that we procure, or the quality of workmanship involved in our services, in which case there may be complaints for the quality of the services provided by us. In addition, personal injury accidents may occur in the process of dismantling and installation of vehicle glass if it is not conducted properly according to our required procedures. We cannot assure you that there will be no occurrence of personal injury accidents or damages to properties of our customers and that no complaints or legal claims against us would arise in relation to any such accidents or damages. We have not maintained insurance for legal claims that may be initiated by our customers. If legal claims are instituted against us, we may have to devote significant amount of resources to defend ourselves or to settle with customers. Our business could also be adversely affected by negative publicity resulting from news reports, customers' reviews or allegations relating to defective vehicle glass or substandard installation services. Any customer's complaints or legal claims made by our customers or negative publicity on us, regardless of their validity, may impact on the demand for our services, which could in turn adversely affect our business and financial conditions and operating results.

Our success depends on our key executives and managerial personnel.

Our success depends on the experience, expertise and the continuous services of our key executives and managerial personnel. Further information on our key executives and managerial personnel is set forth in the section headed "Directors, Senior Management and Employees" in this prospectus. In particular, Ms. LI Pik Yung, our executive Director, and Mr. SHI Chit Yuk, our Chief Executive Officer, have extensive experience in the vehicle repairs and replacement industry. Both of them have been responsible for overseeing our daily operations since the early stage of development of our Group in the 1990s and have contributed to our business growth during a major part of the past two decades. Our performance also depends on our ability to retain and motivate our key employees and technicians as set forth in the section headed "Directors, Senior Management and Employees — Senior management" in this prospectus. We cannot assure you that we can retain the continuous services of our key executives, managerial personnel and key technicians in future. Our business and financial conditions and operating results could be materially and adversely affected if we cannot retain our key executives and replacement cannot be found in a timely and commercially viable manner.

Our profitability is subject to the rise and fluctuation of the prices of the vehicle glass.

Our business operations depend on a stable supply of vehicle glass. The prices of vehicle glass are subject to volatility caused by any fluctuation in the supply and demand in the vehicle glass market in Hong Kong and the PRC. We cannot assure you that the prices of vehicle glass will not increase significantly in future. Furthermore, we cannot assure you that our suppliers, including the Remaining Group, would continue to provide us with adequate supply of vehicle glass at reasonable prices. If we are unable to manage any increase in our costs or fail to transfer such increase in costs to our customers, it could have an adverse impact on our business and our financial conditions and operation results could be adversely affected.

Our insurance coverage may not be adequate to protect us from all potential losses.

Our business involves careful handling of vehicle glass. Any shattering, smashing, breaking or damage of the vehicle glass may cause injuries or casualties to our customers, employees or other third parties, which may result in compensation to be paid by us. We maintain various insurance policies, including employees' compensation and third parties' liability insurance for personal injury, as part of ordinary course of business, which our Directors believe is consistent with the industry practice. Nevertheless, we cannot assure you that the insurance maintained by us is adequate. We may therefore incur significant losses on product liability or losses due to business interruption resulting from natural disasters or civil disturbance for which we have not maintained insurance. Further information on our insurance coverage is set forth in the section headed "Business — Insurance coverage" in this prospectus. If any claims exceed our insurance coverage or our insurance coverage is not sufficient, our business and financial conditions and operating results could be materially and adversely affected.

We have not entered into any long-term contract with the majority of our customers.

Our customers include corporate customers (other than insurance companies), individual customers and insurance companies. As of the Latest Practicable Date, we have entered into fixed-term non-exclusive contracts with seven insurance companies. We have not entered into any long-term service contract with our corporate customers and individual customers, which we believe is consistent with the industry practice in Hong Kong. During the Track Record Period, the revenue generated from our corporate customers (other than insurance companies) and individual customers represented 92.8% and 92.0% of the total amount of our revenue, respectively. We cannot assure you

that these corporate customers (other than insurance companies) and individual customers will continue to use our vehicle glass repairs and replacement services in future. If the demand for our services from such customers reduces materially, our business and financial conditions and operating results could be adversely affected.

Our operating results for the year ended 31 December 2015 and for the year ending 31 December 2016 are and will be materially affected by the one-off expenses for the Listing.

We started the preparation of the Listing in July 2015. We expect that the total expenses for the Listing would be HK$19.1 million. On 7 December 2015, it was agreed with Xinyi Glass that two-third of the expenses for Listing would be borne by Xinyi Glass. Listing expenses directly attributable to issuing new Shares will be recognised in equity, while other expenses relating to the Listing will be recognised as administrative expenses. The expenses incurred for the Hong Kong Public Offering, including the underwriting commission, the fees and expenses payable to the professional parties involved in the Hong Kong Public Offering and the cost of printing of this prospectus, in the total amount of HK$0.8 million, will be recognised in equity (including the portion to be borne by Xinyi Glass). The remaining balance of the expenses for the Listing of HK$18.3 million is and will be recognised as expenses. As a result, an amount of HK$13.5 million was included in our administrative expenses for the year ended 31 December 2015. We expect that an amount of HK$4.8 million will be accounted for as our administrative expenses for the year ending 31 December 2016. As a result of the one-off expenses for the Listing, we incurred operating loss of HK$2.7 million for the year ended 31 December 2015 as compared with operating profit of HK$11.9 million for the year ended 31 December 2014.

Accordingly, Shareholders and potential investors should be aware that our operating results for the year ended 31 December 2015 and for the year ending 31 December 2016 are and will be materially affected by the one-off expenses for the Listing.

The unauthorised building works in our leased shop premises could cause disruption to our business.

Properties leased by us are currently used as our service centres, offices and warehouse. The cocklofts within our service centre in Tokwawan are unauthorised building works. Our Directors confirm that the unauthorised cocklofts have been in existence before the date of commencement of our lease. The cocklofts were used by us for the storage of vehicle glass. Our Directors confirm that they are not aware of any demolition order issued by the Buildings Department on the removal of the cocklofts. If the cocklofts are demolished, we will have less storage space for vehicles glass within our Tokwawan service centre. As of the Latest Practicable Date, the demolition works were in progress and there was no material delay of the completion date of the demolition works. Our Directors estimate that most of the demolition works of the cocklofts could be completed by the middle of July 2016. Further information is set forth in the section headed "Business — Property interests" in this prospectus.

According to section 24(1) of the Buildings Ordinance, the Buildings Department has the statutory power to order the demolition of unauthorised building works, and the cost of such demolition works would be required to be settled by the owner of the premises or any person being required to carry out the demolition works. As advised by Jim & Co., Solicitors, our legal advisers as to Hong Kong law on property interests, we are not responsible for the cost of the demolition works

on the basis that we are not the owners of the premises. We will not be subject to any fine or penalty as a result of the existence of such unauthorised building works. However, such unauthorised building works may result in an enforcement action to be taken by the Buildings Department. In such event, our business and financial conditions and operating results could be adversely affected.

If we fail to renew our existing leases on commercially acceptable terms and we may need to secure new leases for our operation, our business and financial conditions and the operating results could be adversely affected.

As of the Latest Practicable Date, we leased seven properties which are currently used as our service centres, warehouse and offices. The lease terms of these properties range from two years to four years.

Our ability to renew our existing leases for our service centres upon their expiry on terms and conditions acceptable to us is important to our business operations. One of our competitive strengths is the convenient locations of our service centres. According to the *Ipsos Report*, from 2012 to 2015, the average monthly retail rents for Hong Kong Island, Kowloon and the New Territories increased at a CAGR of 3.2%, 2.0% and 3.4%, respectively. Upon the expiry of our existing leases, we may have to renew our existing leases at a higher rental or the landlords may choose not to renew the leases with us on terms and conditions acceptable to us. We may need to relocate our service centres and incur renovation expenses. If any of the above happens, our costs could increase which could materially and adversely affect our business and financial conditions and operating results.

We have ceased using the trademark of the Remaining Group as part of the Spin-Off and the Listing, which could affect the business and brand recognition amongst our target customers.

As part of the Spin-Off and the Listing, we have ceased using the trademark of the Remaining Group and have launched a new logo in the middle of March 2016. We used the trademark of the Remaining Group for more than a decade, and most of our promotional materials distributed in the past continue to have such trademark. The new logo is currently used by us in Hong Kong, and we are distributing our promotional materials with the new logo. All other business-related materials, such as signboards, staff uniform and business stationery, have also included our new logo. Nevertheless, given our long history of using the trademark of the Remaining Group, our target customers may not be familiar with our new logo. This could affect our business and brand recognition in the short-term. We are in the process of registering our new logo as a trademark in Hong Kong. If the trademark registration is not successful for whatever reasons, it could also affect the use of our new logo as part of our ordinary course of business.

RISKS RELATING TO THE INDUSTRY IN WHICH WE OPERATE

Our business and profitability could be materially and adversely affected by any slowdown, downturn or disruption in the passenger vehicle market in Hong Kong.

The demand for our services hinges directly on the market condition in the motor vehicle market in Hong Kong. The demand for and the usage rate of passenger vehicles depend on the level of disposable income in Hong Kong. Any slowdown, downturn or disruption in the demand for passenger vehicles in Hong Kong and any decline in usage rate of passenger vehicles would in turn result in the decline in demand for our vehicle glass repairs and replacement services. We cannot assure you that the passenger vehicle market in Hong Kong would not slow down or take a downturn due to any

changes in the social, political and economic conditions of Hong Kong, changes in the controls and regulations in respect of motor vehicles, fuel or vehicle-related products in Hong Kong or the global economic and financial conditions. In any of those events, the demand for our services could be materially and adversely affected.

The competition in the vehicle glass repairs and replacement industry in Hong Kong is intense because of the low entry barriers.

The market for the vehicle glass repairs and replacement services industry is highly competitive. We may need to maintain our price competitiveness by controlling our cost and increasing our efficiency and the quality and reputation of our services. However, we cannot assure you that we may succeed in these areas, and our failure in any of these could adversely affect our competitiveness and our ability to attract new customers and retain existing customers.

The entry barriers to the vehicle glass repairs and replacement market in Hong Kong are generally low due to the skills required to deliver the services are relatively mechanical and easy to replicate and there is no certification process or regulatory body that regulates the provision of vehicle glass repairs and replacement service in Hong Kong. We compete with vehicle glass repairs and replacement service providers in Hong Kong, and some of which may enjoy a more efficient cost structure, or may have sufficient capital to support their business operations. We cannot assure you that we would be able to compete successfully in our existing Hong Kong market in the future. Failure to maintain our competitiveness and any increase in competition may materially and adversely affect our business and financial conditions and operating results. Further information on our competitive landscape is set forth in the sections headed under "Industry Overview — Competitive landscape of the vehicle glass repairs and replacement industry in Hong Kong" and "Business — Competition" in this prospectus.

RISK RELATING TO OUR CORPORATE STRUCTURE

We may not be successful as an independent company with public Shareholders.

Prior to completion of the Reorganisation, we operated as part of the automobile glass business segment of the Xinyi Glass Group. Following completion of the Listing, we will operate as an independent company. None of the members of the Remaining Group and our Controlling Shareholders will be under any obligation to provide any assistance to us. Further information on the relationship between the Remaining Group and us is set forth in the section headed "Relationship with the Remaining Group and our Controlling Shareholders" in this prospectus. As a listed company with public Shareholders, we will continue to modify and improve our financial and management control systems to operate effectively. If we fail to continue to implement and improve these control measures in a timely manner, it could adversely affect our business and financial conditions and operating results.

RISKS RELATING TO THE HONG KONG PUBLIC OFFERING AND OUR SHARES

There has been no prior public market for our Shares and an active trading market for our Shares may not develop or be sustained.

Prior to the Hong Kong Public Offering, no public market for our Shares existed. Following completion of the Hong Kong Public Offering, GEM will be the only market on which our Shares are publicly traded. We cannot assure you that our Shares will be trading actively on GEM and that the Shares will trade at or above the Offer Price on GEM subsequent to the Hong Kong Public Offering.

The Offer Price is expected to be fixed by agreement among the Sole Lead Manager (on behalf of the Underwriters) and our Company, and may not be indicative of the market price of our Shares following the completion of the Hong Kong Public Offering. If an active trading market for our Shares does not develop or is not sustained after the Hong Kong Public Offering, the market price, liquidity and trading volume of our Shares could be adversely affected.

The market price of our Shares may be volatile, which may significantly decrease the value of your investment.

Generally, factors that may affect the volume and market price at which our Shares will be traded include, among other things, variations in our revenue, earnings, financial and liquidity position and costs, announcements of new investments and strategic alliances. However, the trading prices of our Shares may fluctuate in response to factors that are beyond our control, including, among other things, general market conditions of the securities markets in Hong Kong, the PRC, the United States of America and elsewhere in the world, additions or departures of key personnel, release of lock-up or other transfer restrictions on our Shares and our competitor's actual or projected results of operations. Recently, some of the companies which have securities listed on the Stock Exchange have experienced significant stock price fluctuation, including significant price declines following their initial public offerings. The trading performances of our Shares may be significantly affected by the trading performance of other securities traded on the Stock Exchange, regardless our actual results of operations or financial position.

Since there will be a gap of several days between pricing and trading of the Hong Kong Offer Shares, holders of the Hong Kong Offer Shares are subject to the risk that the price of the Hong Kong Offer Shares could fall when the trading of the Hong Kong Offer Shares begins.

The Offer Price is expected to be determined on the Price Determination Date. However, our Shares will not commence trading on GEM until they are delivered, which is expected to be a few Business Days after the Price Determination Date. As a result, investors may not be able to sell or otherwise deal in our Shares during that period. Accordingly, holders of the Hong Kong Offer Shares are subject to the risk that the price of our Shares could fall lower than the Offer Price after trading begins as a result of adverse market conditions or other adverse developments that could occur between the Price Determination Date and the time when trading begins.

Future sales or availability for sales of substantial amounts of our Shares by our Controlling Shareholders could adversely affect the market price of our Shares.

Future sales of substantial amounts of our Shares by our existing Shareholders in the public market following completion of the Listing, or the possibility that these sales could occur, could adversely affect the market price of our Shares and could materially impair our ability to raise equity capital through offerings of our Shares in the future.

Shareholders' interests in our Shares may be diluted in the future and you may incur further dilution if we issue additional Shares.

In order to expand our business, we may consider offering and issuing additional Shares or equity-linked securities in the future, which may result in a dilution in our net tangible book value or earnings per Share. Our Directors have been granted the Issuing Mandate to issue Shares with an aggregate par value of not more than 20% of the aggregate par value of the ordinary share capital immediately following the Spin-Off as described in the section headed "Share Capital" in this prospectus.

We are not restricted from issuing additional new Shares including any securities that are convertible into or exchangeable for, or that represent the right to receive, our Shares. The market price of our Shares could decline as a result of sales of our Shares or sales of such other securities made after the spin-off or the perception that such sales could occur.

RISK RELATING TO STATEMENTS MADE IN THIS PROSPECTUS

The industry and statistical information in this prospectus may not be accurate.

Statistics, industry data and other information relating to the economy and the industry contained in this prospectus have been derived, compiled, extracted or reproduced from various government publications and organisations that we believe to be reliable. While we believe that such facts and statistics are appropriate sources for such information, and our Directors have taken reasonable care in the reproduction of the information and have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading, they have not been independently verified by us, the Sole Sponsor or any of our or their respective affiliates or advisers. Therefore, we make no representation as to the accuracy of such facts and statistics, which may not be consistent with other information or available from other sources. Such facts and other statistics include the facts and statistics contained in this section, the sections headed "Summary and Highlights", "Industry Overview", "Business" and "Financial Information" in this prospectus. Due to possibly flawed or ineffective sampling or discrepancies between published information and market practices or other reasons, such facts and statistics may be inaccurate or may not be comparable to official statistics and you should not place undue reliance on them. Accordingly, you should consider carefully how much weight or importance you should attach to or place on such facts or statistics.

Investors should read the entire prospectus carefully and we strongly caution you not to place any reliance on any information (if any) contained in press articles or other media regarding us and the Hong Kong Public Offering.

In preparation for the Listing, we have sought the following waivers from strict compliance with the relevant provisions of the GEM Listing Rules.

Continuing connected transactions

We have entered into certain transactions which would constitute non-exempt continuing connected transactions of our Company under the GEM Listing Rules after the Listing. We have applied to the Stock Exchange for, and the Stock Exchange has granted to us, a waiver from strict compliance with certain requirements set forth in Chapter 20 of the GEM Listing Rules for such non-exempt continuing connected transactions. Further information of such non-exempt continuing connected transactions and the conditions of the waiver is set forth in the section headed "Continuing Connected Transactions" in this prospectus.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the GEM Listing Rules for the purpose of giving information to the public with regard to us. Our Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, there are no other matters the omission of which would make any statement herein or this prospectus misleading and all opinions expressed in this prospectus have been arrived at after due and careful considerations, and are founded on basis and assumptions that are fair and reasonable.

PROSPECTUS ISSUED IN CONNECTION WITH HONG KONG PUBLIC OFFERING ONLY

This prospectus is published solely in connection with the Hong Kong Public Offering. This prospectus and the Application Forms set forth the terms and conditions of the Hong Kong Public Offering.

INFORMATION ON THE HONG KONG PUBLIC OFFERING

The Hong Kong Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and the Application Forms and on the terms and subject to the conditions set out herein and therein.

Further information on the structure and conditions of the Hong Kong Public Offering are set forth in the section headed "Hong Kong Public Offering" in this prospectus, and the procedures for applying for the Hong Kong Offer Shares are set forth in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus and on the relevant Application Forms.

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering. For applicants in the Hong Kong Public Offering, this prospectus and the Application Forms set forth the terms and conditions of the Hong Kong Public Offering.

The listing of the Hong Kong Offer Shares on GEM is sponsored by the Sole Sponsor. The Hong Kong Public Offering is fully underwritten by the Underwriters pursuant to the Hong Kong Underwriting Agreement.

If, for any reason, our Company and the Sole Lead Manager (on behalf of the Underwriters) are unable to reach agreement on the Offer Price on or before Wednesday, 6 July 2016, the Hong Kong Public Offering will not proceed and will lapse. Further information about the Underwriters and the underwriting arrangements is set forth in the section headed "Underwriting" in this prospectus.

RESTRICTIONS ON OFFER AND SALE OF SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to confirm, and is deemed by his acquisition of the Hong Kong Offer Shares to have confirmed, that he is aware of the restrictions on offers of the Hong Kong Offer Shares described in this prospectus and the Application Forms and that he is not acquiring, and has not been offered, any Hong Kong Offer Shares in circumstances that contravene any such restrictions.

No action has been taken to permit an offering of the Hong Kong Offer Shares or the distribution of this prospectus and the Application Forms in any jurisdiction other than Hong Kong. Accordingly, without limitation to the following, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the Application Forms and the offering of the Hong Kong Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the securities laws of such jurisdiction pursuant to registration with or an authorisation by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Hong Kong Offer Shares have not been publicly offered and sold, and will not be offered or sold, directly or indirectly in the PRC or the United States of America except in compliance with the relevant laws and regulations of each jurisdiction.

No person is authorised to give any information in connection with the Hong Kong Public Offering or to make any representation not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorised by us, the Sole Sponsor, the Sole Lead Manager, the Underwriters, any of our and their respective directors, officers, agents, employees, representatives, advisers, affiliates or any other person or party involved in the Hong Kong Public Offering. Neither the delivery of this prospectus nor the distribution of Shares pursuant to the Xinyi Glass Distribution should, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information contained in this prospectus is correct as of any date subsequent to the date of this prospectus.

NO CHANGE IN BUSINESS

The Directors do not contemplate that there will be any material change in our business immediately after the Listing.

APPLICATION FOR LISTING OF OUR SHARES ON GEM

We have applied to the Listing Department for the listing of, and permission to deal in, our Shares in issue as of the Xinyi Glass Distribution Record Date, our Shares to be issued pursuant to the Hong Kong Public Offering and our Shares that may be issued as described in this prospectus.

No part of our Shares or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought on the Stock Exchange or any other stock exchange as at the date of this prospectus. All the Hong Kong Offer Shares will be registered on the Hong Kong share register by the Hong Kong Share Registrar in order to enable them to be traded on GEM.

Under section 44B(1) of the Companies (Miscellaneous Provisions) Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, our Shares on GEM is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company by or on behalf of the Stock Exchange.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the listing of, and permission to deal in, our Shares on GEM and the compliance with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in our Shares on GEM or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements have been made for our Shares to be admitted into CCASS.

COMMENCEMENT OF DEALINGS IN OUR SHARES

Dealings in our Shares on GEM are expected to commence on 11 July 2016. Our Shares will be traded in board lots of 4,000 Shares. The stock code of our Shares is 8328.

ODD LOT ARRANGEMENT

Trading of our Shares on GEM is in 4,000 Shares per board lot. Following completion of the Xinyi Glass Distribution, some of our Shareholders may receive Shares in odd lot. We will appoint RHB Securities Hong Kong Limited at 12th Floor, World-Wide House, 19 Des Voeux Road Central, Hong Kong as our designated broker to stand in the market to provide matching services for the odd lots of our Shares on a best effort basis during the period from 9:00 a.m. on Monday, 11 July 2016 to 4:00 p.m. on Wednesday, 20 July 2016 (both days inclusive). Holders of odd lots of our Shares who wish to take advantage of these services either by selling their odd lots of Shares or acquiring additional Shares to a board lot of 4,000 Shares may contact Ms. Amy WU at telephone number (852) 2103 9253 during the aforesaid period. Shareholders should note that the above matching services are on a best effort basis only and successful matching of the sale and purchase of odd lots of our Shares is not guaranteed. Shareholders who are in doubt about such matching services are recommended to consult their own professional advisers.

HONG KONG REGISTER AND STAMP DUTY

All Shares will be registered on our Company's register of members to be maintained by our Hong Kong Share Registrar in Hong Kong. Our Company's principal register of members will be maintained by our Cayman Principal Registrar in the Cayman Islands.

Dealings in our Shares registered in the Hong Kong register of members of our Hong Kong Share Registrar in Hong Kong will be subject to Hong Kong stamp duty.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Hong Kong Public Offering are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding and dealing in our Shares. None of our Company, the Sole Sponsor and any of our and their respective directors, officers, agents, employees, representatives, advisers or affiliates or any other person or party involved in the Listing accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, purchase, holding or disposition of our Shares.

LANGUAGE

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail. However, the English names of certain Chinese names, entities, departments, facilities, certificates, titles, laws, regulations and the like are unofficial translations of their Chinese names and are included for identification purposes only, and if there is any inconsistency, the Chinese name prevails in such cases.

EXCHANGE RATE CONVERSION

Solely for your convenience, this prospectus contains translations of certain US dollar amounts into Hong Kong dollar amounts or vice versa at specified rates. You should not construe these translations as representations that US dollar amounts could actually be converted into Hong Kong dollar amounts or vice versa at the rates indicated or at all. For the purpose of this prospectus, unless we indicate otherwise, the translation of US dollar amounts into Hong Kong dollar amounts have been made at the rate of US$1.000 to HK$7.7505.

ROUNDING

Any discrepancies in any table between totals and sums of amounts listed thereon are due to rounding. According, the total of each column of figures as presented may not be equal to the sum of the individual items. Certain amounts and percentage figures included in this prospectus have also been subject to rounding adjustments, or have been rounded to one or two decimal places.

OVERVIEW

The Spin-Off and the Listing will be conducted by the Xinyi Glass Distribution and the Hong Kong Public, further information on which is set forth in the sections headed "Xinyi Glass Distribution" and "Hong Kong Public Offering" in this prospectus, respectively.

Pursuant to the Xinyi Glass Distribution, the Xinyi Glass Qualifying Shareholders on the Xinyi Glass Distribution Record Date shall be entitled to an aggregate of 485,112,212.38 Shares (consisting of 699 Shares in issue and 485,111,513.38 Shares issued pursuant to the Capitalisation Issue), representing 89.82% of the enlarged number of Shares following completion of the Spin-Off and the Listing, without making any contribution or payment. The Xinyi Glass Directors believe that such arrangement is a recognition of the continuous support from the Xinyi Glass Qualifying Shareholders.

Pursuant to the Hong Kong Public Offering, prospective investors may subscribe for, upon the terms and conditions set forth in this prospectus and the Application Forms, the Hong Kong Offer Shares at the Offer Price. The Hong Kong Offer Shares represent 10.18% of the enlarged number of Shares in issue following completion of the Spin-Off and the Listing.

All rights and benefits (including the voting right and the right to entitle to distribution) accrued on our Shares received from the Xinyi Glass Distribution or subscribed for under the Hong Kong Public Offering are the same, and there will be no different classes of shares comprising the share capital of our Company following completion of the Spin-Off and the Listing. Further information on the rights of our Shareholders and the relevant provisions in the Articles of Association is set forth in Appendix III to this prospectus.

SPIN-OFF

The Spin-Off will be implemented in compliance with the Listing Rules including Practice Note 15 to the Listing Rules. According to the Listing Rules, approval by the Xinyi Glass Shareholders is not required for the Spin-Off. The Xinyi Glass Distribution is not subject to the approval by the Xinyi Glass Shareholders under article 155 of the Xinyi Glass Articles.

The Spin-Off and the Listing are conditional upon:

(a) the Stock Exchange approving the Spin-Off;
(b) the Hong Kong Public Offering becomes unconditional and is duly completed in accordance with the terms and conditions in this prospectus and the Application Forms; and
(c) the Listing Department granting the listing of, and permission to deal in, our Shares in issue and the Hong Kong Offer Shares to be issued pursuant to the Hong Kong Public Offering on GEM and such listing and permission not subsequently having been revoked prior to the commencement of dealing in our Shares on GEM.

The Share certificates are expected to be despatched to the Shareholders on 8 July 2016. One Share certificate of our Shares will be issued to each Shareholder for its/his/her entitlement to our Shares, save for the Share certificates to be issued to HKSCC Nominees Limited, which may be in such denominations as requested by HKSCC Nominees Limited. If the Xinyi Glass Distribution does not become unconditional, dealings in our Shares on GEM will not commence on Monday, 11 July 2016. In such event, we will make an announcement of the above and, if necessary, of a revised timetable.

The Xinyi Glass Qualifying Shareholders who hold Xinyi Glass Shares through CCASS Clearing Participants or CCASS Custodian Participants will receive our Shares through their respective brokers or custodians who are CCASS Clearing Participants or CCASS Custodian Participants.

REASONS FOR AND BENEFITS OF THE SPIN-OFF AND THE LISTING

The primary purpose of the Spin-Off and the Listing is to have a clear delineation of the retail and servicing business from the glass manufacturing business currently conducted by the Xinyi Glass Group. We intend to continue to operate our business at low gearing ratio. Although we may finance our future plans from the banking facilities or out of our own financial resources, the Listing will benefit our healthy liquidity position and further enhance the business development of our Group with the independent ability to access the equity capital markets. Our Directors and the Xinyi Glass Directors believe that it is necessary for our Group, after a decade of its business operations, to have our own equity financing platform for our business development. The Spin-Off and the Listing represent the first step of this effort to have a direct access to the equity capital markets.

The Spin-Off and the Listing will be conducted by way of the Xinyi Glass Distribution and the Hong Kong Public Offering. The Xinyi Glass Distribution will allow each Xinyi Glass Qualifying Shareholders to be entitled to the Shares. The Hong Kong Public Offering will provide additional funding for our business development. Following completion of the Spin-Off and the Listing, we will have our own listing platform on GEM independent from the Remaining Group. Our Directors and the Xinyi Glass Directors believe that the Spin-Off will benefit to both as:

(a) the Spin-Off and the Listing will create our Company as an investment opportunity for new investors and unlock the value for the Xinyi Glass Shareholders by better identifying and establishing the stand-alone corporate value of our business;

(b) the Spin-Off and the Listing will lead to a more direct alignment of the responsibilities and accountability of the management of both our Group and the Remaining Group with their respective operating and financial performance. This will result in enhanced management focus, better allocation of resources, more efficient decision-making process and faster responsiveness to the market changes on the respective businesses of our Group and the Remaining Group;

(c) the Spin-Off and the Listing will increase the operational and financial transparency of our Group, through which investors would be able to appraise and assess the performance and the potential of our Group as a separate entity, and the Spin-Off and the Listing will allow us to target our own investor base, more effectively, which in turn improves the capital raising and capital allocation on a competitive basis to enhance growth within each company;

(d) the Spin-Off and the Listing will enhance the financial and operational transparency of our Company, enable us to negotiate with banks for better terms of financing for its future business plans, to directly and independently access both equity and debt capital markets, and will facilitate it in securing banking facilities, which in turn will increase the financing flexibility to achieve our business strategies and will therefore be advantageous to us not only on the proceeds that may be raised through Hong Kong Public Offering, but also on the fund raising opportunities that may be provided to us as a listed company on the Stock Exchange;

(e) the Hong Kong Public Offering will enhance our investor base and provide additional funding for our business development; and

(f) the Listing will also enhance our profile amongst our customers, suppliers and other business partners, as well as our ability to recruit, motivate and retain key management personnel. We will enjoy greater flexibility in providing management incentives and making acquisitions by using our Shares as acquisition currency.

Although the amount of the expenses for the Listing represents a significant proportion of the gross proceeds from the Hong Kong Public Offering, these are non-recurring costs that we would not have to pay following completion of the Spin-Off and the Listing. With the listing status on the Stock Exchange, we will have the opportunity to access to additional equity financing with minimum additional cost. Our Directors therefore believe that the Spin-Off and the Listing are beneficial to us in the long run. In making the decision of the Spin-Off and the Listing, our Directors and the Xinyi Glass Directors have thoroughly considered all the relevant factors and have approved the Spin-Off and the Listing in observance of the duties faithfully and in carrying out their functions with due care, skill and diligence.

In addition, we believe that future investors of our Group can benefit from the Automobile Glass Installation Business and the other business activities from time to time carried out by us as set forth in the section headed "Statement of Business Objectives, Future Plans and Use of Net Proceeds from the Hong Kong Public Offering" in this prospectus.

The Spin-Off and the Listing are designed to facilitate our future growth. As the Spin-Off will be conducted by way of the Xinyi Glass Distribution and the Hong Kong Public Offering, the Xinyi Glass Qualifying Shareholders will continue to enjoy the benefit from the development of the business of the Remaining Group as well as the benefit from our future business development so long as they remain as our Shareholders. In light of the foregoing, the Xinyi Glass Directors and our Directors do not consider that there will be any adverse impact on the interests of the Xinyi Glass Shareholders as a result of the implementation of the Spin-Off and the Listing.

Share certificates for the Hong Kong Offer Shares are expected to be issued on Friday, 8 July 2016 but will only become valid certificates of title at 8:00 a.m. on Monday, 11 July 2016 provided that (i) the Hong Kong Public Offering has become unconditional in all respects and (ii) the right of termination as described in "Underwriting — Underwriting agreement and expenses — Grounds for termination" has not been exercised. Investors who trade our Shares prior to the receipt of Share certificates or prior to the Share certificates bearing valid certificates of title do so entirely at their own risk.

OVERVIEW

On 25 June 2016, the Xinyi Glass Board declared a conditional distribution in specie, by way of special interim dividend, of all Shares in issue to the Xinyi Glass Qualifying Shareholders. The Xinyi Glass Distribution is not required to be approved by the Xinyi Glass Shareholders under article 155 of the Xinyi Glass Articles. Each Xinyi Glass Qualifying Shareholder will be entitled to one Share for eight Xinyi Glass Shares held by he/she/it as of the close of business on the Xinyi Glass Distribution Record Date. The special interim dividend is conditional upon the Spin-Off becoming unconditional. On the basis of 3,880,897,699 Xinyi Glass Shares in issue on the Xinyi Glass Distribution Record Date, a total of 485,112,212.38 Shares (consisting of 699 Shares in issue and 485,111,513.38 Shares issued pursuant to the Capitalisation Issue), representing all the Shares in issue, will be distributed to the Xinyi Glass Qualifying Shareholders on a *pro rata* basis.

As of the Latest Practicable Date, there were 3,880,897,699 Xinyi Glass Shares in issue, which means that the Xinyi Glass Distribution will comprise of 485,112,212.38 Shares. If there is any increase in the number of Xinyi Glass Shares after the Latest Practicable Date and before the Xinyi Glass Distribution Record Date, the number of Shares comprising the Xinyi Glass Distribution will increase accordingly so as to maintain the distribution ratio of one Share for eight Xinyi Glass Shares. Our Directors and the Xinyi Glass Directors do not expect that there will be any significant increase in the number of Xinyi Glass Shares on or before the Xinyi Glass Distribution Record Date. The Xinyi Glass Shares may increase on or before the Xinyi Glass Distribution Record Date as a result of exercise of the share options by the employees of Xinyi Glass Group under the share option scheme adopted by Xinyi Glass. Xinyi Glass will issue a further announcement on the exact number of Xinyi Glass Shares in issue as of the Xinyi Glass Distribution Record Date and the number of our Shares subject to the Xinyi Glass Distribution.

As of the Latest Practicable Date, our Directors confirm that 25 Xinyi Glass Qualifying Shareholders (including both the Xinyi Glass Controlling Shareholders and the public Xinyi Glass Shareholders) will have fractional entitlements to our Shares under the Xinyi Glass Distribution. Fractions of our Shares will not be allotted to the Xinyi Glass Qualifying Shareholders under the Xinyi Glass Distribution. For the Xinyi Glass Qualifying Shareholders with fractional entitlement to our Shares under the Xinyi Glass Distribution, their entitlements will be rounded down to the nearest whole number of Share. The fractional entitlements of the Xinyi Glass Qualifying Shareholders will be aggregated and sold to a third party at the price equivalent to the closing price for each Share on the Listing Date. The proceeds of sale (net of expenses and taxes) will be paid to the relevant Xinyi Glass Qualifying Shareholders according to their respective entitlements.

The Xinyi Glass Overseas Shareholders should inform themselves about and observe all legal and regulatory requirements applicable to them. It is the responsibility of the Xinyi Glass Overseas Shareholders to satisfy themselves as to the full observance of the laws of the relevant jurisdictions applicable to them in connection with the Xinyi Glass Distribution, including obtaining of any governmental, exchange control or other consents which may be required, or compliance with any other necessary formalities and payment of any issue, transfer or other taxes due in such jurisdiction.

The Xinyi Glass Overseas Shareholders should consult their professional advisers if they are in any doubt as to the potential applicability of, or consequences under, any provision of law or regulation or judicial or regulatory decisions or interpretations in any jurisdiction, territory or locality therein or thereof and, in particular, whether there will be any restriction or prohibition on the receipt,

acquisition, retention, disposal or otherwise with respect to our Shares. It is emphasised that none of Xinyi Glass, our Company, the Sole Sponsor, any of their respective directors, officers, employees, agents or representatives or any other person involved in the Spin-off accepts any responsibility in relation to the above.

As of the Latest Practicable Date, there was one Xinyi Glass Overseas Shareholder whose registered address is located in the Philippines as shown on the register of members of Xinyi Glass. The Xinyi Glass Board has been advised by its legal adviser on the laws of the Philippines that (i) our Shares can be distributed to the Xinyi Glass Overseas Shareholder in this jurisdiction; (ii) there is no legal restriction under the applicable legislation of this jurisdiction or requirements of any regulatory body or stock exchange with respect to the distribution of our Shares to the Xinyi Glass Overseas Shareholder in the Philippines; and (iii) we are exempted from obtaining approval from and/or registration of the relevant documents with the relevant regulatory authorities under the applicable laws and regulations of the Philippines. Based on the above legal advice, the Xinyi Glass Board has decided to distribute our Shares to the Xinyi Glass Overseas Shareholder with registered addresses in the Philippines.

In light of the above, the Xinyi Glass Overseas Shareholder with the registered address in the Philippines, together with the Xinyi Glass Qualifying Shareholders with registered addresses in Hong Kong as of the Xinyi Glass Distribution Record Date, are Xinyi Glass Qualifying Shareholders and they will be offered our Shares under the Xinyi Glass Distribution.

If there is any other Xinyi Glass Overseas Shareholder in any other jurisdiction other than the Philippines at the close of business on the Xinyi Glass Distribution Record Date, the Xinyi Glass Directors will make enquiries, based on legal opinions provided by legal advisers, as to whether the distribution of our Shares to such Xinyi Glass Overseas Shareholder will contravene the applicable securities legislations of the relevant overseas jurisdictions or the requirements of the relevant regulatory body or stock exchange. If, after making such enquiry, the Xinyi Glass Directors are of the opinion that it would be necessary or expedient, on account either of the legal restrictions under the laws of the relevant jurisdiction or any requirement of the relevant regulatory body or stock exchange in that jurisdiction, not to distribute our Shares to such Xinyi Glass Overseas Shareholder, he/she/it will be entitled to the Xinyi Glass Distribution but will not receive our Shares. Instead, he/she/it will receive a cash amount (after deducting expenses) equals the net proceeds from the sales by Xinyi Glass if such proceeds are equal to or more than HK$100 on their behalf of our Shares to which he/she/it would otherwise be entitled pursuant to the Xinyi Glass Distribution after dealings in our Shares commence on GEM at the prevailing market price. If the net proceeds are less than HK$100, we will retain such amount in our account. The net proceeds from such sales will be paid to such relevant Xinyi Glass Overseas Shareholder in Hong Kong dollars. Cheques for such net proceeds are expected to be despatched on or before Monday, 1 August 2016.

PRC STOCK CONNECT INVESTORS

According to the "CCASS Shareholding Search" available on the Stock Exchange's website (www.hkexnews.hk), as of the Latest Practicable Date, ChinaClear held 18,854,000 Xinyi Glass Shares, representing 0.49% of the Xinyi Glass Shares in issue. ChinaClear is a CCASS Participant with the HKSCC Nominees Limited.

The Xinyi Glass Board has been advised by its legal adviser on the laws of the PRC that the PRC Stock Connect Investors may receive our Shares pursuant to the Xinyi Glass Distribution through ChinaClear if it holds Xinyi Glass Shares on the Xinyi Glass Distribution Record Date. In addition, according to the PRC legal adviser of Xinyi Glass and the Frequently Asked Questions Series 29 regarding Shanghai-Hong Kong Stock Connect, the PRC Stock Connect Investors (or the relevant ChinaClear participants, as the case may be) whose stock accounts in ChinaClear are credited with our Shares may only sell them on the Stock Exchange under Shanghai-Hong Kong Stock Connect but may not purchase our Shares as our Shares are not one of the eligible securities under the Shanghai-Hong Kong Stock Connect. PRC Stock Connect Investors should seek advice from their intermediary (including broker, custodian, nominee or ChinaClear participant) and/or other professional advisers for details of the logistical arrangements as required by ChinaClear.

If there is any change in the number of Xinyi Glass Shares held by ChinaClear on the Xinyi Glass Distribution Record Date, we will issue a further announcement and make further enquiries, based on the legal opinion provided by legal advisers, as to whether the distribution of our Shares to the PRC Stock Connect Investors through ChinaClear will contravene any applicable laws and regulations.

ODD LOT ARRANGEMENT

Trading of our Shares on GEM is in 4,000 Shares per board lot. Following completion of the Xinyi Glass Distribution, some of our Shareholders may receive Shares in odd lot. We will appoint RHB Securities Hong Kong Limited at 12th Floor, World-Wide House, 19 Des Voeux Road Central, Hong Kong as our designated broker to stand in the market to provide matching services for the odd lots of our Shares on a best effort basis during the period from 9:00 a.m. on Monday, 11 July 2016 to 4:00 p.m. on Wednesday, 20 July 2016 (both days inclusive). Holders of odd lots of our Shares who wish to take advantage of these services either by selling their odd lots of Shares or acquiring additional Shares to a board lot of 4,000 Shares may contact Ms. Amy WU at telephone number (852) 2103 9253 during the aforesaid period. Shareholders should note that the above matching services are on a best effort basis only and successful matching of the sale and purchase of odd lots of our Shares is not guaranteed. Shareholders who are in doubt about such matching services are recommended to consult their own professional advisers.

OVERVIEW

This prospectus is published in connection with the Hong Kong Public Offering. RHB Capital Hong Kong Limited is the Sole Sponsor and RHB Securities Hong Kong Limited is the Sole Lead Manager.

NUMBER OF HONG KONG OFFER SHARES OFFERED

Our Company is offering 55,000,000 Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price, representing 10.18% of the total number of issued Shares as enlarged by the Hong Kong Offer Shares.

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as institutional and professional investors in Hong Kong.

Completion of the Hong Kong Public Offering is subject to the conditions as set forth in the paragraphs under "Conditions of the Hong Kong Public Offering" in this section.

Hong Kong Underwriting Agreement

The Hong Kong Public Offering is fully underwritten by the Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to our Company agreeing on the Offer Price. The Hong Kong Underwriting Agreement was entered into on 27 June 2016. Details of the underwriting arrangements are set forth in the section headed "Underwriting" in this prospectus.

CONDITIONS OF THE HONG KONG PUBLIC OFFERING

Acceptance of all applications for the Hong Kong Offer Shares will be conditional on, among others:

(i) the Listing Department granting the listing of, and permission to deal in, our Shares in issue, the Hong Kong Offer Shares and our Shares that may be issued as described in this prospectus on GEM and such listing and permission not subsequently having been revoked prior to the commencement of dealing in our Shares on GEM;
(ii) the Offer Price having been fixed on or around the Price Determination Date; and
(iii) the obligations of the Underwriters under the Hong Kong Underwriting Agreement becoming and remaining unconditional (including if relevant, as a result of the waiver of any conditions) by the Sole Lead Manager (for itself or on behalf the Underwriters) and not having been terminated in accordance with the terms of the Hong Kong Underwriting Agreement,

in each case on or before the dates and times specified in the Hong Kong Underwriting Agreement (unless to the extent such conditions are validly waived on or before such dates and times) and in any event not later than the date which is 30 days after the date of this prospectus.

The Hong Kong Offer Shares are being offered at the Offer Price which is expected to be fixed between the Sole Lead Manager (on behalf of the Underwriters) and our Company on the Price Determination Date, which is expected to be on or around Tuesday, 5 July 2016 and in any event, not later than 12:00 noon on Wednesday, 6 July 2016.

If, for any reason, the Offer Price is not agreed between the Sole Lead Manager (on behalf of the Underwriters) and our Company by 12:00 noon on Wednesday, 6 July 2016, the Hong Kong Public Offering will not proceed and will lapse.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Hong Kong Public Offering will lapse and the Stock Exchange will be notified immediately. We will cause a notice of the lapse of the Hong Kong Public Offering to be published on our website (**www.xyglass.com.hk**) and the Stock Exchange's website (**www.hkexnews.hk**) on the next Business Day following such lapse.

In the above situation, all application monies will be returned, without interest, on the terms set forth in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus. In the meantime, all application monies will be held in separate bank account(s) with the receiving bank or other bank(s) in Hong Kong licenced under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended from time to time).

Share certificates for the Hong Kong Offer Shares are expected to be issued on Friday, 8 July 2016 but will only become valid certificates of title at 8:00 a.m. on Monday, 11 July 2016 provided that (i) the Hong Kong Public Offering has become unconditional in all respects and (ii) the right of termination as described in "Underwriting — Underwriting agreements and expenses — Grounds for termination" has not been exercised. Investors who trade our Shares prior to the receipt of Share certificates or prior to the Share certificates bearing valid certificates of title do so entirely at their own risk.

ALLOCATION

Allocation of Hong Kong Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

The total number of Hong Kong Offer Shares available under the Hong Kong Public Offering is to be divided into two pools for allocation purposes: pool A and pool B as follows:-

— Pool A: The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of HK$5 million (excluding the brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% payable) or less.
— Pool B: The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of more than HK$5 million (excluding the brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% payable).

Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If the Hong Kong Offer Shares in one (but not both) of the pools are under-subscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of this paragraph only, the "price" for Hong Kong Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined).

Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B but not from both pools and can only apply for Hong Kong Offer Shares in either pool A or pool B. Multiple or suspected multiple applications within either pool or between pools and any application for more than 50.0% of the 55,000,000 Hong Kong Offer Shares (that is, 27,500,000 Hong Kong Offer Shares) are liable to be rejected.

APPLICATIONS

The listing of the Hong Kong Offer Shares on GEM is sponsored by the Sole Sponsor. Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum price of HK$0.70 per Hong Kong Offer Share in addition to any brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% payable on each Hong Kong Offer Share. If the Offer Price, as finally determined in the manner described in the paragraphs under "Price Determination" in this section, is less than the maximum price of HK$0.70 per Share, appropriate refund payments (including the brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set forth in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus.

PRICE DETERMINATION

The Offer Price is expected to be fixed on the Price Determination Date, which is expected to be on or around Tuesday, 5 July 2016, and in any event not later than 12:00 noon on Wednesday, 6 July 2016, by agreement between the Sole Lead Manager (on behalf of the Underwriters) and our Company. The Offer Price will be not more than HK$0.70 per Share and is expected to be not less than HK$0.55 per Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering.

Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.

The results of applications and the basis of allotment of Hong Kong Offer Shares under the Hong Kong Public Offering are expected to be announced on Friday, 8 July 2016 in the manner set forth in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus.

NO OVERSEAS REGISTRATION

The documents issued and to be issued in connection with the Hong Kong Public Offering will not be registered under applicable securities legislation of any jurisdiction other than Hong Kong.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Application has been made to the Stock Exchange for the Listing of and permission to deal in our Shares in issue and to be issued as mentioned in this prospectus. Subject to the granting of the listing of, and permission to deal in, our Shares on GEM and the compliance with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in our Shares on GEM or such other date as determined by HKSCC. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangement has been made for our Shares to be admitted into CCASS.

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares on GEM are expected to commence on Monday, 11 July 2016. The Shares will be traded in board lots of 4,000 Shares.

DIRECTORS

Name	Residential address	Nationality
Chairman and non-executive Director		
Mr. TUNG Ching Sai (董清世)	House 108-110 Pinaceae Drive, Westwood Palm Springs, Yuen Long New Territories Hong Kong	Chinese
Executive Directors		
Ms. LI Pik Yung (李碧蓉)	Flat A, 58th Floor Tower 5, Island Resort 28 Siu Sai Wan Road Hong Kong	Chinese
Mr. CHAN Chi Leung (陳志良)	Flat A, 19th Floor Block 3, Lido Garden 41-63 Castle Peak Road Sham Tseng New Territories Hong Kong	Chinese
Non-executive Director		
Mr. LEE Shing Kan (李聖根)	B12 Kapok Path Palm Springs Yuen Long New Territories Hong Kong	Chinese
Independent non-executive Directors		
Mr. WANG Guisheng (王貴升)	Room 7-D, Unit 2, Block 5 Wanke Dong Fang Zunyu Luosha Road Luohu District Shenzhen Guangdong Province China	Chinese
Mr. NG Wai Hung (吳偉雄)	Flat B, 32/F, King Yu Court 43 and 45 Tin Hau Temple Road Hong Kong	Chinese

Name	Residential address	Nationality
Mr. CHAN Hak Kan (陳克勤)	Flat C, 16th Floor Block 4, Mountain Shore 8 Yuk Tai Street Ma On Shan New Territories Hong Kong	Chinese

Further information on our Directors is set forth in the section headed "Directors, Senior Management and Employees" in this prospectus.

PARTIES INVOLVED IN THE LISTING

Sole Sponsor	RHB Capital Hong Kong Limited *(A licensed corporation to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO)* 12th Floor World-Wide House 19 Des Voeux Road Central Hong Kong
Sole Lead Manager	RHB Securities Hong Kong Limited *(A licensed corporation to conduct type 1 (dealing in securities) and type 4 (advising on securities) of the regulated activities under the SFO)* 12th Floor World-Wide House 19 Des Voeux Road Central Hong Kong
Co-Managers	Gransing Securities Co., Limited *(A licensed corporation to conduct type 1, 4, 6, 9 of the regulated activities under the SFO)* Rooms 805-806 Far East Consortium Building 121 Des Voeux Road Central Hong Kong Kingsway Financial Services Group Limited *(A licensed corporation to conduct type 1, 2, 4, 9 of the regulated activities under the SFO)* 7th Floor, Tower 1 Lippo Centre 89 Queensway Hong Kong
Legal advisers to our Company	*as to Hong Kong corporate and securities law* Squire Patton Boggs 29th Floor, Edinburgh Tower The Landmark 15 Queen's Road Central Hong Kong

	as to Hong Kong law on property interest Jim & Co., Solicitors 4/F, No. 14-16 Wo Fung Street Luen Wo Market Fanling New Territories Hong Kong
	as to Cayman Islands law Appleby 2206-19 Jardine House 1 Connaught Place Central Hong Kong
Legal advisers to Sole Sponsor, the Sole Lead Manager and the Underwriters	*as to Hong Kong law* Kwok Yih & Chan Suites 2103-5 21st Floor 9 Queen's Road Central Hong Kong
Auditor and Reporting Accountant	PricewaterhouseCoopers *Certified Public Accountants* 22nd Floor, Prince's Building Central Hong Kong
Compliance adviser	RHB Capital Hong Kong Limited *(A licensed corporation to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO)* 12th Floor World-Wide House 19 Des Voeux Road Central Hong Kong
Receiving bank	DBS Bank (Hong Kong) Limited 16th Floor The Center 99 Queen's Road Central Central Hong Kong

Registered office in the Cayman Islands	PO Box 1350 Clifton House 75 Fort Street Grand Cayman KY1-1108 Cayman Islands
Headquarters and principal place of business in Hong Kong	DD109 Lot 466(4) Tai Ma Road Kam Tin Yuen Long New Territories Hong Kong
Company's website	www.xyglass.com.hk *(information contained in this website does not form part of this prospectus)*
Company secretary	Mr. CHAN Chi Leung (陳志良), *CPA* Flat A, 19th Floor Block 3, Lido Garden 41-63 Castle Peak Road Sham Tseng New Territories Hong Kong
Authorised representatives	Ms. LI Pik Yung (李碧蓉) Flat A, 58th Floor Tower 5, Island Resort 28 Siu Sai Wan Road Hong Kong Mr. CHAN Chi Leung (陳志良) Flat A, 19th Floor Block 3, Lido Garden 41-63 Castle Peak Road Sham Tseng New Territories Hong Kong
Audit committee of our Board	Mr. WANG Guisheng (王貴升) *(Chairman)* Mr. NG Wai Hung (吳偉雄) Mr. CHAN Hak Kan (陳克勤)
Nomination committee of our Board	Mr. TUNG Ching Sai (董清世) *(Chairman)* Mr. WANG Guisheng (王貴升) Mr. NG Wai Hung (吳偉雄)
Remuneration committee of our Board	Mr. CHAN Hak Kan (陳克勤) *(Chairman)* Mr. LEE Shing Kan (李聖根) Mr. WANG Guisheng (王貴升)

Compliance officer	Mr. CHAN Chi Leung (陳志良)
Cayman Principal Registrar	Estera Trust (Cayman) Limited PO Box 1350 Clifton House 75 Fort Street Grand Cayman KY1-1108 Cayman Islands
Hong Kong Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-16, 17th Floor Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Principal bank	Hang Seng Bank Limited 83 Des Voeux Road Central Hong Kong Bank of China (Hong Kong) Limited Bank of China Tower 1 Garden Road Hong Kong

We are a service provider of vehicle glass repairs and replacement services in Hong Kong. This section sets forth a summary of certain aspects of Hong Kong laws, subsidiary legislation and regulations which are material to our operation and business.

LAWS AND REGULATIONS ON SALES OF GOODS AND SUPPLY OF SERVICES

Sales of Goods Ordinance (Chapter 26 of the Laws of Hong Kong)

The Sales of Goods Ordinance, which aims to codify the laws relating to the sale of goods, provides that:

(a) under section 15, where there is a contract for the sale of goods by description, there is an implied condition that the goods shall correspond with the description;
(b) under section 16, where a seller sells goods in the course of a business, there is an implied condition that the goods supplied under the contract are of merchantable quality, except that there is no such condition (i) as regards to defects specifically drawn to the buyer's attention before the contract is made; or (ii) if the buyer examines the goods before the contract is made, as regards defects which that examination ought to reveal; or (iii) if the contract is a contract by sample, as regards defects which would have been apparent on a reasonable examination of the sample; and
(c) under section 17, where there is a contract for sale by sample, there are implied conditions that (i) the bulk shall correspond with the sample in quality, (ii) the buyer shall have a reasonable opportunity of comparing the bulk with the sample, and (iii) the goods shall be free from any defects, rendering them unmerchantable, which would not be apparent on reasonable examination of the sample.

Pursuant to section 57 of the Sales of Goods Ordinance, where any right, duty or liability would arise under a contract of sale of goods by implication of law, it may (subject to the Control of Exemption Clauses Ordinance (Chapter 71 of the Laws of Hong Kong)) be negative or varied by express agreement, or by course of dealings between the parties, or by usage if the usage is such as to bind both parties to the contract.

Supply of Services (Implied Terms) Ordinance (Chapter 457 of the Laws of Hong Kong)

The Supply of Services (Implied Terms) Ordinance, which aims to consolidate and amend the laws with respect to the terms to be implied in contract for the supply of services (including a contract for the supply of a service whether or not goods are also transferred or to be transferred, or bailed or to be bailed by way of hire), provides that:

(a) under section 5, where the supplier is acting in the course of a business, there is an implied term that the supplier will carry out the service with reasonable care and skill; and
(b) under section 6, where the supplier is acting in the course of a business, the time for service to be carried out is not fixed, is not left to be fixed in a manner agreed by the contract or is not determined by the course of dealing between the parties, there is an implied term that the supplier will carry out the service within a reasonable time.

Pursuant to section 8(1) of the Supply of Services (Implied Terms) Ordinance, as against a party to a contract for the supply of a service who deals as consumer, the other party cannot, by reference to any contract term, exclude or restrict any liability of him arising under the contract by virtue of the Supply of Services (Implied Terms) Ordinance. Except as provided in section 8(1) of the Supply of

Services (Implied Terms) Ordinance, where a right, duty or liability would arise under a contract for the supply of a service by virtue of the Supply of Services (Implied Terms) Ordinance, it may (subject to the Control of Exemption Clauses Ordinance) be negative or varied by express agreement, or by the course of dealing between the parties, or by such usage as binds both parties to the contract.

Trade Descriptions Ordinance (Chapter 362 of the Laws of Hong Kong)

Products sold in Hong Kong are subject to the Trade Descriptions Ordinance. The Trade Descriptions Ordinance has been amended in July 2013 to expand certain existing provisions, including the prohibition of false trade description in respect of goods and services in the course of trade, prohibition on certain unfair trade practices and the introduction of a civil, compliance-based enforcement mechanism.

Section 2 of the Trade Descriptions Ordinance provides that a trade description (including fitness for purpose, performance and manufacturing details) which is false to a material degree; or though not false, is misleading, that is to say, likely to be taken for a trade description of a kind that would be false to a material degree, would be regarded as false trade description.

Section 7 of the Trade Descriptions Ordinance provides that it is an offence for any person, in the course of his trade or business, to apply a false trade description to any goods; or supply or offer to supply any goods to which a false trade description is applied. It is also an offence for any person to have in his possession for sale or for any purpose of trade or manufacture any goods to which a false trade description is applied.

To amount to a false trade description, the falsity of the trade descriptions has to be to a material degree. Trivial errors or discrepancies in trade descriptions would not constitute an offence. What constitutes a material degree will vary with the facts.

Contravention of the prohibitions in the Trade Descriptions Ordinance is an offence, with a maximum penalty of up to HK$500,000 and five years' imprisonment. However, the Trade Descriptions Ordinance also provides regulators with the ability to accept (and publish) written undertakings from businesses and individuals not to continue, repeat or engage in unfair trade practices in return of which regulator will not commence or continue investigations or proceedings relating to that matter. Regulators will also be empowered to seek an injunction against businesses and persons engaging in unfair trade practices or who have breached an undertaking.

Occupiers Liability Ordinance (Chapter 314 of the Laws of Hong Kong)

The Occupiers Liability Ordinance regulates the obligations of a person occupying or having control of premises on injury resulting to persons or damage caused to goods or other property lawfully on the land.

The Occupiers Liability Ordinance imposes a common duty of care on an occupier of premises to take such care as in all the circumstances of the case is reasonable to see that the visitors will be reasonably safe in using the premises for the purposes for which he is invited or permitted by the occupier to be there.

Competition Ordinance

The Competition Ordinance, which entered into force on 14 December 2015, (a) prohibits conducts that prevents, restricts or distorts competition in Hong Kong; (b) prohibits mergers that substantially lessen competition in Hong Kong; and (c) provides for incidental and connected matters. The Competition Ordinance includes, among other provisions, the First Conduct Rule, which prohibits anti-competitive conduct involving more than one party; and the Second Conduct Rule, which prohibits anti-competitive conduct by a party with substantial market power. The Competition Ordinance provides for the establishment of the Competition Commission with investigation powers and the Competition Tribunal with adjudicative powers.

The First Conduct Rule

The First Conduct Rule provides that an undertaking must not (a) make or give effect to an agreement; (b) engage in a concerted practice; or (c) as a member of an association of undertakings, make or give effect to a decision of the association, if the object or effect of the agreement, concerted practice or decision is to prevent, restrict or distort competition in Hong Kong. Examples of serious anti-competitive conduct includes (i) fixing, maintaining, increasing, or controlling the price for the supply of goods or services; (ii) allocating sales, territories, customers or markets for the production or supply of goods or services; (iii) fixing, maintaining, controlling, preventing, limiting or eliminating the production or supply of goods or services; and (iv) bid-rigging practices.

The Second Conduct Rule

The Second Conduct Rule provides that an undertaking that has a substantial degree of market power in a market must not abuse that power by engaging in conduct that has the object or effect of preventing, restricting or distorting competition in Hong Kong. Factors which may be taken into account when determining whether an undertaking has such power includes the market share of the undertaking, the undertaking's power to make pricing and other decisions; and any barriers to entry to competitors into the relevant market.

The Competition Ordinance prohibits the abuse of a substantial degree of market power and provides two examples of abusive conduct. An undertaking with a substantial degree of market power may commit an abuse by engaging in "predatory behaviour towards competitors" or by "limiting production, markets or technical development to the prejudice of consumers".

Consequences of non-compliance with the Competition Ordinance

Penalties that the Competition Tribunal may impose for contraventions of a competition rule include pecuniary penalties, awards of damages, and interim injunctions during investigations or proceedings. The maximum penalty in relation to a "single contravention" can be up to 10% of the annual turnover obtained by the undertaking concerned in Hong Kong for each year the infringement lasted, with a maximum of three years. The Competition Tribunal may also order the disqualification of responsible directors for up to five years, award injunctions, declare agreements to be void, award damages, confiscate illegal profits, and order the payment of costs of the Competition Commission's investigation.

LAWS AND REGULATIONS ON REQUIREMENTS FOR VEHICLE GLASS

Road Traffic Ordinance (Chapter 374 of the laws of Hong Kong)

In Hong Kong, the requirements for safety glass (as defined in the Road Traffic (Construction and Maintenance of Vehicles) Regulations (Chapter 374A of the laws of Hong Kong)) in motor vehicles are mainly regulated by the Road Traffic Ordinance and its subsidiary legislations. The Road Traffic Ordinance provides regulations of road traffic and the use of vehicles and roads (including private roads). Under the Road Traffic Ordinance, there are 23 subsidiary legislations which include, among others:

— Road Traffic (Construction and Maintenance of Vehicles) Regulations (Chapter 374A of the laws of Hong Kong); and
— Specification of Safety Glass Notice (Chapter 374H of the laws of Hong Kong).

According to section 53(2) of the Road Traffic Ordinance, no person shall alter or cause or permit to be altered a motor vehicle or trailer so as to render its condition such that the use thereof on a road would contravene any provision of Road Traffic Ordinance as to the construction, weight, equipment, brakes, steering gear or tyres thereof.

Any person who contravenes section 53(2) of the Road Traffic Ordinance commits an offence and is liable to a fine of HK$20,000.

Road Traffic (Construction and Maintenance of Vehicles) Regulations

Under regulation 28(1) of the Road Traffic (Construction and Maintenance of Vehicles) Regulations, the glass or transparent material used in all windscreens, windows and partitions of a motor vehicle shall be safety glass or safety glazing:

(a) of a type approved by the Transport Department;
(b) of such transparency that it does not obscure the view of the interior of the motor vehicle; and
(c) where practicable, clearly identifiable as safety glass or safety glazing by a permanent mark inscribed thereon.

Pursuant to regulation 28(2) of the Road Traffic (Construction and Maintenance of Vehicles) Regulations, no alteration or addition shall be made to any windscreen, window or partition whereby the reflecting effect of the safety glass or safety glazing is increased, or whereby the ability of such safety glass or safety glazing to transmit light is decreased.

According to a notice issued by the Transport Department, "Latest Change in Vehicle Glass Requirements (April 2012)", the latest minimum light transmission rate requirements are:

(a) for all window glass, unless otherwise specified, 70%;
(b) for the front windscreen, 70%; and the rear windscreen (provided that the vehicle is fitted with external driving mirrors on both sides), 44%; and
(c) for the side window glass behind the driver seat (B-pillars) of private cars, goods vehicles, special purpose vehicles and buses (including all upper deck windows and windscreen), 44% (provided that the vehicle is fitted with external driving mirrors on both sides).

Pursuant to regulation 121(1) of the Road Traffic (Construction and Maintenance of Vehicles) Regulations, any person who uses or causes or permits to be used, on any road any vehicle which does not comply with regulation 28 of the Road Traffic (Construction and Maintenance of Vehicles) Regulations commits an offence, and is liable to a fine of HK$10,000 and to imprisonment for six months.

Specification of Safety Glass Notice

Paragraph 4 of the Specification of Safety Glass Notice provides that the glass or transparent material used in all windscreens, windows and partitions of a motor vehicle shall be safety glass or safety glazing that:

(a) complies with British Standard Specification BS 857 with amendments up to AMD 3548 dated 15 February 1981;
(b) complies with British Standard Specification BS 5282;
(c) complies with British Standard Specification BS AU 178;
(d) complies with Economic Commission of Europe Regulation ECE 43; or
(e) is hard safety plastic.

According to paragraph 3 of the Specification of Safety Glass Notice, the types of glass and transparent material specified in paragraph 4 are approved by the Transport Department for the purposes of regulation 28(1)(a) of the Road Traffic (Construction and Maintenance of Vehicles) Regulations.

ELECTRONIC ROAD PRICING ("ERP") PILOT SCHEME IN CENTRAL AND ITS ADJACENT AREAS

ERP is a traffic management tool to tackle localised road traffic congestion. It aims to rationalise traffic flows in targeted areas where severe traffic congestion occurs almost daily. ERP is based on the "user pays" principle, and charges are levied on vehicles using the roads in the charging areas during designated periods. The objective of ERP is to provide a disincentive to vehicle users so that they will use their vehicles less in making trips to the charging area during peak hours and switch to public transport, and/or make their trips to the charging area during non-peak hours.

As of the Latest Practicable Date, the ERP pilot scheme is under the consultation phase, with a three-month public engagement exercise completed in March 2016. This public engagement exercise is the first step of the Hong Kong Government's plan on implementation of the ERP pilot scheme, after which the Hong Kong Government plans to (a) appoint a consultant to develop feasible options of the ERP pilot scheme; (b) engage the public further to develop the ERP pilot scheme in details, such as charging level and boundary, etc.; (c) seek the enactment of a new piece of legislation on the ERP pilot scheme by the Legislative Council of Hong Kong; and (d) seek funding from the Legislative Council of Hong Kong to carry out the ERP pilot scheme. Hence, there is no timetable for the implementation of ERP in Hong Kong.

LAWS AND REGULATIONS ON EMPLOYER'S OBLIGATIONS

Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong)

The Occupational Safety and Health Ordinance provides for the safety and health protection to employees in workplaces, both industrial and non-industrial.

Every employer must, as far as reasonably practicable, ensure the safety and health at work for all the employer's employees by (including but not limited to):

(a) providing and maintaining plant and systems of work that are safe and without risks to health;
(b) making arrangements for ensuring safety and absence of risks to health in connection with the use, handling, storage or transport of plant or substances;
(c) providing such information, instruction, training and supervision as may be necessary to ensure the safety and health at work of the employees;
(d) as regards any workplace under the employer's control, maintaining the workplace in a condition that is safe and without risks to health or providing or maintaining means of access to and egress from the workplace that are safe and without any such risks; and
(e) providing or maintaining a working environment for the employees that is safe and without risks to health.

Failure to comply with the above provisions constitutes an offence and the employer is liable on conviction to a fine of HK$200,000. An employer who fails to do so intentionally, knowingly or recklessly commits an offence and is liable on conviction to a fine of HK$200,000 and to imprisonment for six months.

The Commissioner for Labour may issue improvement notices against contravention of the Occupational Safety and Health Ordinance, or suspension notices against activity or condition or use of workplace which may create imminent risk of death or serious bodily injury to the employees. Failure to comply with such notices without reasonable excuse constitutes an offence punishable by a fine of HK$200,000 and HK$500,000, respectively, and imprisonment of up to 12 months.

Employment Ordinance (Chapter 57 of the Laws of Hong Kong)

The Employment Ordinance is the main piece of Hong Kong legislation governing conditions of employment in Hong Kong. It provides for various employment-related benefits and entitlements to employees. All employees covered by the Employment Ordinance, irrespective of their hours of work, are entitled to basic protection under such Ordinance including payment of wages, restrictions on wages deductions and the granting of statutory holidays, etc. Employees who are employed under a continuous contract are further entitled to such benefits as rest days, paid annual leave, sickness allowance, severance payment and long service payment, etc.

Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong)

The Employees' Compensation Ordinance establishes a no-fault and non-contributory employee compensation system for work injuries and lays down the rights and obligations of employers and employees in respect of injuries or death caused by accidents arising out of and in the course of employment, or by prescribed occupational diseases.

Under the Employees' Compensation Ordinance, if an employee sustains an injury or dies as a result of an accident arising out of and in the course of his employment, his employer is in general liable to pay compensation even if the employee might have committed acts of faults or negligence when the accident occurred. Similarly, an employee who suffers incapacity or dies arising from an occupational disease is entitled to receive the same compensation as that payable to employees injured in occupational accidents.

According to section 40 of the Employees' Compensation Ordinance, all employers (including principal contractors and subcontractors) are required to take out insurance policies to cover their liabilities both under the Employees' Compensation Ordinance and at common law for injuries at work in respect of all their employees (including full-time and part-time employees) for an amount not less than the applicable amount specified under the ordinance. Currently, the applicable amount is HK$100 million per event where the number of employees in relation to whom the policy is in force does not exceed 200, and the applicable amount is HK$200 million per event where the number of employees in relation to whom the policy is in force exceeds 200.

An employer who fails to comply with the Employees' Compensation Ordinance to secure an insurance cover is liable on conviction upon indictment to a fine at level 6 (current maximum amount at HK$100,000) and to imprisonment for two years, and on summary conviction to a fine at level 6 (current maximum amount at HK$100,000) and to imprisonment for one year.

Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong)

Under the Mandatory Provident Fund Schemes Ordinance, the employers shall participate in a Mandatory Provident Fund Scheme (the "**MPF Scheme**") for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF Scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to the minimum and maximum relevant income levels. For monthly-paid employees, the minimum and maximum relevant income levels are HK$7,100 and HK$30,000 respectively.

Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong)

The Minimum Wage Ordinance provides for a prescribed minimum hourly wage rate (currently set at HK$32.5 per hour) during the wage period for every employee engaged under a contract of employment under the Employment Ordinance (except those specified under section 7 of the Minimum Wage Ordinance). Any provision of a contract of employment that purports to extinguish or reduce any right, benefit or protection conferred on the employee by the Minimum Wage Ordinance is void.

Failure to pay minimum wage amounts to a breach of the wage provisions under the Employment Ordinance. According to the Employment Ordinance, an employer who wilfully and without reasonable excuse fails to pay wages to an employee when it becomes due is liable to a fine of HK$350,000 and imprisonment for three years.

LAWS AND REGULATIONS ON BUSINESS REGISTRATION AND TAX MATTERS

Business Registration Ordinance (Chapter 310 of the Laws of Hong Kong)

The Business Registration Ordinance requires every entity carrying on any business shall apply to the Commissioner of Inland Revenue in the prescribed manner for the registration of that business. The Commissioner of Inland Revenue must register each business for which a business registration application is made and as soon as practicable after the prescribed business registration fee and levy are paid and issue a business registration certificate or branch registration certificate for the relevant business or the relevant branch as the case may be.

Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong)

The Inland Revenue Ordinance is an ordinance for the purposes of imposing taxes on property, earnings and profits in Hong Kong. The Inland Revenue Ordinance provides, among others, that persons, which include corporations, partnerships, trustees and bodies of persons, carrying on any trade, profession or business in Hong Kong are chargeable to tax on all profits (excluding profits arising from the date of capital assets) arising in or derived from Hong Kong from such trade, profession or business. As of the Latest Practicable Date, the standard profits tax rate for corporations is at 16.5%. The Inland Revenue Ordinance also contains provisions relating to, among others, permissible deductions for outgoings and expenses, set-offs for losses and allowances for depreciation. As our Group carry out business in Hong Kong, we are subject to the profits tax regime under the Inland Revenue Ordinance.

This section contains statistics, industry data or other information relating to the industry that were derived from various official government publications or official sources that are publicly available as well as the Ipsos Report.

We believe that the source of such information is appropriate for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information has not been independently verified by us, the Sole Sponsor, the Sole Lead Manager, the Underwriters any of their respective directors, officers, affiliates, advisers or representatives, or any other party involved in the Spin-Off and no representation is given as to its accuracy. The information extracted from the Ipsos Report reflected estimates of market conditions based on samples, and is prepared primarily as a market research tool. References to Ipsos should not be considered to be the opinion of Ipsos as to the value of any security or the advisability of investing in our Group. Our Directors believe that the sources of information extracted from the Ipsos Report are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is not reliable, false or misleading or that any material fact has been omitted that would render such information not reliable, false or misleading. Our Directors confirm that that after taking reasonable care, there is no material adverse change in the market information since the date of the report of Ipsos up to the date of this prospectus which may qualify, contradict or have any impact on the information as disclosed in this section.

SOURCE OF INFORMATION

We commissioned Ipsos, an independent industry consultant, to conduct an analysis of, and to report on, the vehicle glass repairs and replacement industry in Hong Kong at a fee of HK$350,000 and our Directors consider that such fee reflects the market rate. Ipsos has been engaged in a number of market assessment projects in connection with initial public offerings in Hong Kong. Ipsos is part of a group of companies which employs approximately 16,000 personnel worldwide across 85 countries. Ipsos conducts research on market profiles, market sizes and market share and performs segmentation analysis, distribution and value analysis, competitor tracking and corporate intelligence.

Ipsos Report includes a description of the latest developments in the vehicle glass repairs and replacement market in Hong Kong and how these developments affect the industry players. The *Ipsos Report* includes the following areas:

1. Overview of the vehicle glass repairs and replacement industry in Hong Kong; and
2. Competitive analysis of the global vehicle glass manufacturing industry and the vehicle glass repairs and replacement industry in Hong Kong.

We understand that the information contained in the *Ipsos Report* is obtained through its primary and secondary research, including information obtained from various sources.

In compiling the *Ipsos Report*, Ipsos has combined the following data and intelligence gathering methodologies which include: (a) desk research; (b) client consultation; and (c) primary research, including interviews with key stakeholders and industry experts in Hong Kong such as industry associations and vehicle glass distributors and retailers. The information and statistics set forth in this section have been extracted from the *Ipsos Report*.

ASSUMPTIONS AND PARAMETERS

The market projections in the *Ipsos Report* are based on the key assumption that there are no external shocks such as financial crises or natural disasters that will affect the demand and supply of automobile glass sales and repairs and replacement industry during the forecast period.

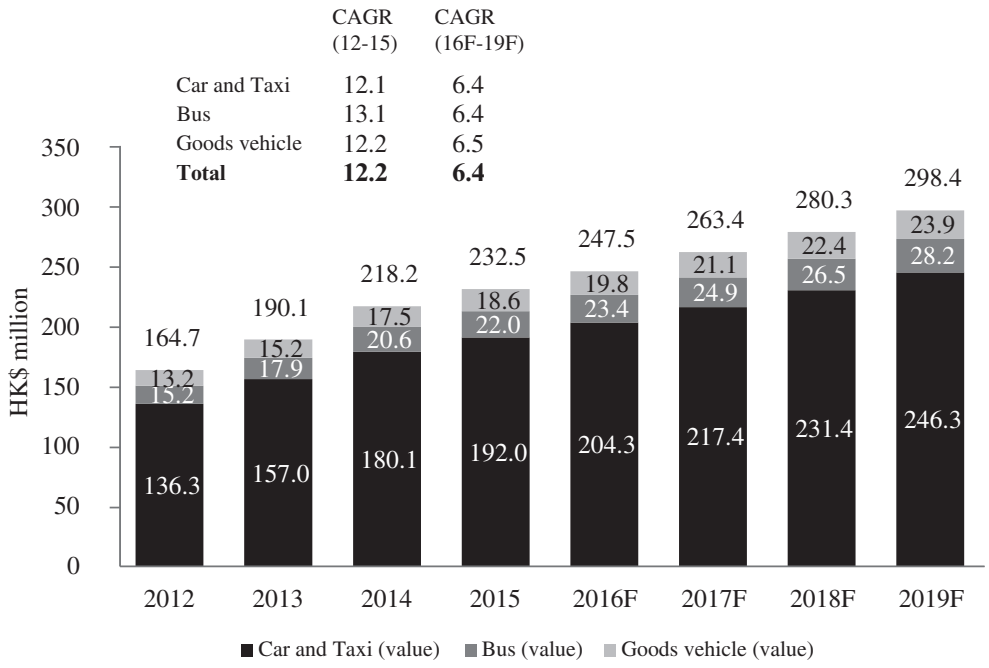
The following parameters are considered in the analysis of the *Ipsos Report*:

- Total import value of tempered glass and laminated glass in Hong Kong from 2012 to 2015;
- Consumer price index for purchases of and repairs to vehicles in Hong Kong from 2012 to 2015;
- Forecast inflation rate from 2016 to 2019;
- The relative ratio of customers whose vehicles are insured and not insured;
- The relative consumption ratio of OEM vehicle glass and aftermarket vehicle glass;
- The profit margin of OEM vehicle glass and aftermarket vehicle glass;
- The relative consumption ratio of tempered glass and laminated glass;
- The total consumption ratio of tempered glass, segmented by vehicle types which include (a) car and taxi; (b) bus; and (c) goods vehicle; and
- The total consumption ratio of laminated glass, segmented by vehicle types which include (a) car and taxi; (b) bus; and (c) goods vehicle.

OVERVIEW OF THE VEHICLE GLASS REPAIRS AND REPLACEMENT INDUSTRY IN HONG KONG

Market size of the vehicle glass repairs and replacement industry in Hong Kong

Total sales value from 2012 to 2019 (segmented by type of vehicles)

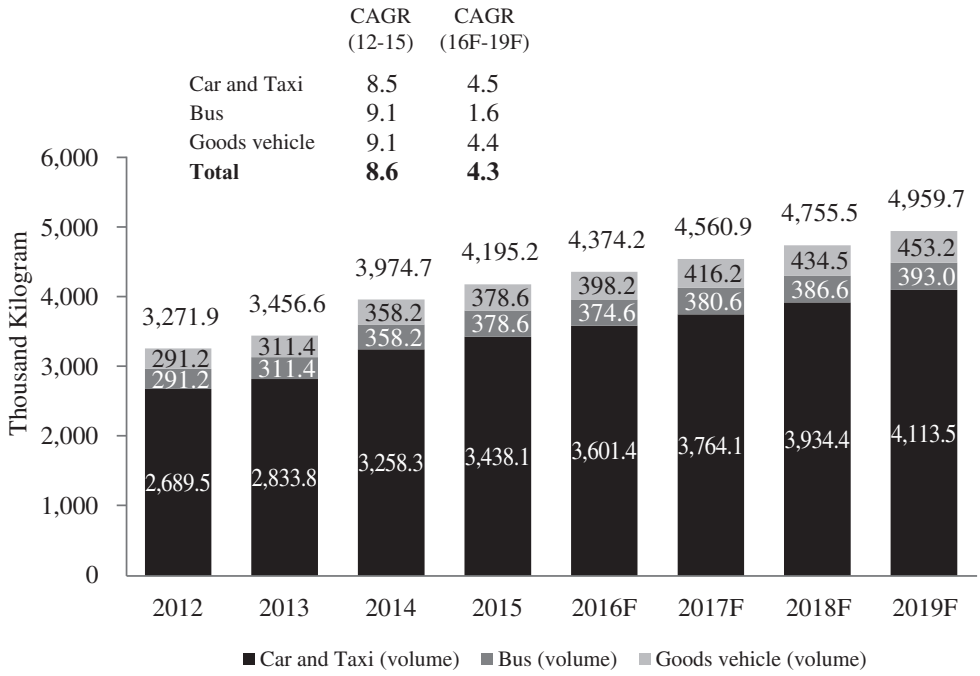


Note:"F" denotes forecast.

Source: Ipsos Report

From 2012 to 2015, the total sales value of the vehicle glass repairs and replacement industry in Hong Kong grew at a CAGR of 12.2%, from HK$164.7 million to HK$232.5 million due to the growing tempered glass market as a result of new vehicle design trends such as the increase in use of vehicle glass on roofs of vehicles. The higher surface area of glass used per vehicle has increased the likelihood of glass breakage and the demand for vehicle repairs and replacement services. The estimated total sales value of the vehicle glass repairs and replacement industry in Hong Kong is expected to grow at a CAGR of 6.4%, from HK$247.5 million in 2016 to HK$298.4 million in 2019. The 6.4% CAGR growth from 2016 to 2019 is more modest than the 12.2% CAGR growth from 2012 to 2015. The slowdown in the growth of the vehicle glass repairs and replacement industry from 2016 to 2019 is attributable to (a) the decrease in estimated growth in average cost of vehicle glass in Hong Kong from a CAGR of 4.6% during 2012 to 2015 to a CAGR of 2.4% during 2016 to 2019; and (b) the potential decrease, or at most moderate estimated growth, in the average annual inflation for purchase and repair of motor vehicles during 2016 to 2019 as compared with 2012 to 2015.

Total sales volume from 2012 to 2019 (segmented by type of vehicles)



Note: "F" denotes forecast.

Source: Ipsos Report

From 2012 to 2015, the sales volume of the vehicle glass repairs and replacement industry in Hong Kong grew at a CAGR of 8.6%, from 3,271,900 kg to 4,195,200 kg due to the reasons set forth under the paragraph headed "Opportunities and threats" in this section. The estimated sales volume of the vehicle glass repairs and replacement industry in Hong Kong is expected to grow at a CAGR of 4.3%, from 4,374,200 kg in 2016 to 4,959,700 kg in 2019 due to the reasons set forth under the paragraph headed "Opportunities and threats" in this section.

Types of customers in the vehicle glass repairs and replacement industry in Hong Kong

The vehicle glass repairs and replacement industry in Hong Kong comprised of three main types of customers, namely corporate customers, individual customers and insurance companies, the details of which are set forth as follow:

	Overview	Size (market share in terms of sales value)	Price Sensitivity	Bargaining Power over Service Providers
Corporate customers	This segment mainly refers to companies engaged in the road transportation business, such as bus companies and car rental companies. Vehicle repair garages are also included in this category as they may subcontract the supply and installation of vehicle glass to vehicle glass repairs and replacement service providers.	30%	**Medium** - since corporate customers may enter into contracts with vehicle glass repairs and replacement service providers and thus are likely to enter into contracts with those providers who offer the most competitive prices in order to reduce their operating costs.	**Medium/High** - since corporate customers may enter into large scale contracts with vehicle glass repairs and replacement service providers, and these contracts provide a reliable revenue stream for the service providers.
Individual customers	This segment includes privately owned vehicles which are not covered by insurance policies.	60%	**High** - since individual customers pay by themselves, they are more likely to obtain vehicle glass installation from service providers with affordable prices and reasonable quality.	**Low** - due to the fact that 76.7% of the market share in terms of revenue was dominated by the five largest vehicle glass repair and replacement service providers in Hong Kong in 2015.

	Overview	Size (market share in terms of sales value)	Price Sensitivity	Bargaining Power over Service Providers
Insurance companies	This segment refers to insurance companies who have entered into agreements with designated service providers to provide vehicle glass repairs and replacement services to the policy holders at agreed rates.	10%	**Low**- The average fees charged for insurance companies for services rendered to insured individuals are generally higher than those for corporate customers and individual customers as the insurance companies will pay up to the policy defined limits and the individuals are less price sensitive. Since the service costs are relatively the same, the profit margin for insurance customers is relatively higher.	**Medium/High** - insurance companies enter into large scale contracts with vehicle glass repairs and replacement service providers, and these contracts provide a reliable revenue stream for the service providers.

Source: Ipsos Report

Due to the varying price sensitivity and bargaining powers of different types of customers within the vehicle glass repairs and replacement industry in Hong Kong, depending on the customer and product mix of each individual vehicle repairs and replacement service provider, different service providers would have varying revenue growth rates compared with the industry's sales value growth. The fees charged for vehicle glass replacement services are higher than for vehicle glass repair services due to the cost of vehicle glass.

According to our Directors, due to our good business relationship with recurring customers and as part of our business strategy to maintain our profit margin, we were able to focus on customers with relatively lower price sensitivity and bargaining power during the Track Record Period. As such, we were able to maximise our average service fee in order to cover the increase in cost of revenue during the Track Record Period. During the year ended 31 December 2015, despite our sales volume decreased by 0.8% (or 354 pieces of vehicle glass), we were able to achieve an 8.9% increase in our average service fee, which generated a 7.9% (or HK$3.4 million) increase in revenue.

Opportunities and threats

Key market drivers of Hong Kong's vehicle glass repairs and replacement industry

— ***Increasing number of vehicles in use in Hong Kong*:** The total import volume and value of vehicles increased at a CAGR of 5.9% and 5.0%, respectively, from 2012 to 2015. The number of new private car registrations increased at a CAGR of 5.5% from 2012 to 2015. With the population of Hong Kong expected to reach 8.3 million by 2036, and the level of public transport infrastructure not expected to increase at the same rate, the demand for private vehicles for accessibility, particularly in the New Territories, will increase. The current increase of 20,000 to

30,000 vehicles per year is expected to continue unless there is a further change in Hong Kong Government regulations. According to our Directors, the increasing number of vehicles in use is expected to result in more intense competition in the use of road space and higher likelihood of car accidents given the limited scope for road transport infrastructure expansion. According to the Transport Department of the Hong Kong Government, during 2012 to 2015, traffic accident rate increased from 7.60 per kilometre of road to 7.70 per kilometre of road. Therefore, this would potentially increase the demand for vehicle repairs and replacement services in Hong Kong.

— ***Supportive government policies on the use of environmental-friendly vehicles:*** The Hong Kong Government has been promoting the use of electric vehicles by waiving the first registration tax for electric vehicles until the end of March 2017. Electric vehicles are currently the only type of vehicle which are eligible for such exemption in first registration tax. According to the *Ipsos Report*, the upfront cost for electric vehicles is HK$515 as compared with HK$63,929 for petrol-powered vehicles and HK$65,389 for diesel-powered vehicles(1). In terms of fuel or energy cost, electric vehicles, conventional vehicles and hybrid vehicles cost approximately HK$0.18 to 0.20 per kilometre, HK$0.5 to 2.0 per kilometre, and HK$1.0 per kilometre for fuel and energy, respectively, whilst the cost of insurance and the cost of maintenance are roughly the same among the different types of vehicles. Although in some cases, existing vehicle owners may purchase electric vehicles to replace their existing vehicles using petrol or diesel, it is expected that there will be an increase in the overall number of vehicles mainly because people who currently do not own any vehicle might also be motivated to purchase electric vehicles because of the tax incentive and more affordable operating costs compared with conventional or hybrid vehicles. Furthermore, enterprises which procure electric vehicles are granted 100.0% profit tax deduction for the capital expenditure on electric vehicles in the first year of procurement. According to the Environmental Protection Department, as of the end of April 2016, there were around 5,289 electric vehicles in use, up from below 100 at the end of 2010. It is expected that the number of new registrations of electric vehicles will surge, which is likely to lead to an increasing demand for vehicle repairs and replacement services.

— ***Potential growth opportunities from the insurance sector:*** From 2012 to 2014(2), the number of private vehicles covered by comprehensive insurance in Hong Kong increased, at a CAGR of 1.3%, from 71.1% to 73.0%. As vehicle glass replacement costs are generally covered under comprehensive insurance policies, owners whose vehicles are insured are more ready to look for vehicle glass replacement. Insured vehicle owners would also have a stronger desire to look for more expensive types of vehicle glass, such as OEM vehicle glass for replacement, as the insurance allowance (approximately HK$3,000 to HK$6,000) is usually able to cover OEM windscreen replacement, which is charged at a higher replacement fee than a comparable aftermarket windscreen. This means that the average service fee can be higher for insurance companies. If a higher proportion of customers is derived from the insurance sector (i.e. increase number of insured vehicles), given the same number of customers in the market, the vehicle repairs and replacement services industry in Hong Kong is expected to grow as a result. However, such trend may also have a negative impact if the insurers follow the policy of reducing free vehicle glass replacement to free vehicle repair under their insurance policies.

Note:

(1) Assuming the registration tax and annual licence fee are calculated based on the value of a vehicle at HK$150,000 with engine size less than 1,500cc.

(2) Information on the number of private vehicles covered by comprehensive insurance in Hong Kong for 2015 are not yet available.

Future trends of the vehicle glass repairs and replacement industry in Hong Kong

- ***Increase in mobility of services with service teams*:** The convenience level for customers will increase if door-to-door services can be provided at any locations near customers' homes or offices. This is likely to be an especially lucrative opportunity in Hong Kong where people have long working hours. Door-to-door services are generally provided in collaboration with online platforms so that customers can make appointments online on their computer or by other mobile electronic devices.
- ***Increasing reliance on use of online platforms for cost saving purpose*:** The biggest international vehicle glass seller and installer, which is based in the United Kingdom, indicates that 50.0% of their businesses in 2015 were driven by online traffic. With 96.0% of Hong Kong people using a smart phone to go online every day (higher than the United Kingdom at 80.0%) and 66.0% of these people using their smart phones for product and services searches, this represents an encouraging opportunity for the vehicle glass repairs and replacement industry in Hong Kong. Online platforms enable potential customers to make appointments for door-to-door services in a more convenient way. Furthermore, online platforms require lower fixed overheads due to the absence of rental, fixture and fittings and renovation, which would be necessary at services centres. If customers are charged at a similar rate for door-to-door service via the online platforms, due to lower fixed overheads, the profit margin of the service providers would increase. This may drive up the number of online platforms in the market.
- ***More diverse inventory requirements:*** The increase in varieties of vehicles produced by vehicle manufacturers will require more diverse inventory requirements by vehicle glass repairs and replacement service providers. This may drive more dependence on distributors for supply of vehicle glass as the vehicle glass repairs and replacement service providers will want to minimise risk of redundant stock in their inventory.

Threats to the vehicle glass repairs and replacement industry in Hong Kong

- ***Decreasing profit margins due to high operating costs:*** Due to low industry specialisation and high number of market players in the industry, customers generally have high bargaining power. Vehicle repairs and replacement service providers also face a number of factors which could result in lower profit margins, such as increase in rents of property which may reduce their shop front presence and risk of obsolete inventories.
- ***Local market conditions within Hong Kong:*** Due to the increased volume of vehicles being disproportionate to the growth rate of new roads, the average speed of vehicles in Hong Kong has reduced by 11.0% between 2003 and 2013. This decrease in speed may lead to decrease in vehicle depreciation rate and damage. Some insurance companies are adopting a policy towards repair rather than replacement services. These factors could cause the demand for vehicle repairs and replacement services to decline.
- ***ERP pilot scheme:*** As of the Latest Practicable Date, the ERP pilot scheme is under the consultation phase, with a three-month public engagement exercise completed in March 2016. The growth of the vehicle glass repairs and replacement industry in Hong Kong may be negatively impacted if the ERP is finally implemented, because such scheme may discourage private vehicles purchase in light of the increase in road levy. However, as there is no timetable for the implementation of ERP, the effect is currently not quantifiable.

INDUSTRY LANDSCAPE OF THE GLOBAL VEHICLE GLASS MANUFACTURING INDUSTRY

The vehicle glass manufacturing industry comprises market players which are global vehicle glass manufacturing companies and regional players such as the Xinyi Glass Group. According to the *Ipsos Report*, in 2015, the market size of the global vehicle glass manufacturing industry amounted to US$16.6 billion. The global vehicle glass manufacturing industry is dominated by four major vehicle glass manufacturers, which together accounted for a market share of 60.4% in 2015. The remaining market share of 39.6% is shared between over 100 smaller regional players such as the Xinyi Glass Group.

According to the *Ipsos Report*, Xinyi Glass Group is considered to be one of the relatively notable players of the world's vehicle glass manufacturing industry as its market share accounted for 2.9% in the global vehicle glass manufacturing industry in 2015.

Major market players of the global vehicle glass manufacturing industry in 2015

The following table sets forth the information of the four largest global vehicle glass manufacturers:

Ranking	Company Name	Market share	Location of headquarters	Key vehicle glass product portfolio
1	Company A	16.7%	Courbevoie, France	Electrochrome glass, heat-absorbent glass, water-repellent glass, laminated glass, complex-shaped glass and panoramic glass roof
2	Company B	15.7%	Tokyo, Japan	Solar control glass, glazing systems, laminated glass, toughened glass, security glazing, light weight glazing and aesthetic glazing
3	Company C	15.3%	Tokyo, Japan	Laminated glass and tempered glass
4	Company D	12.6%	Fujian, China	Heads-up display windscreen, wire heated glass, hydrophobic glass, acoustic glass, coated reflective glass, solar glass and panoramic glass roof
	Others	39.6%		
	Total	100.0%		

Note: Percentages may not total 100% due to rounding.

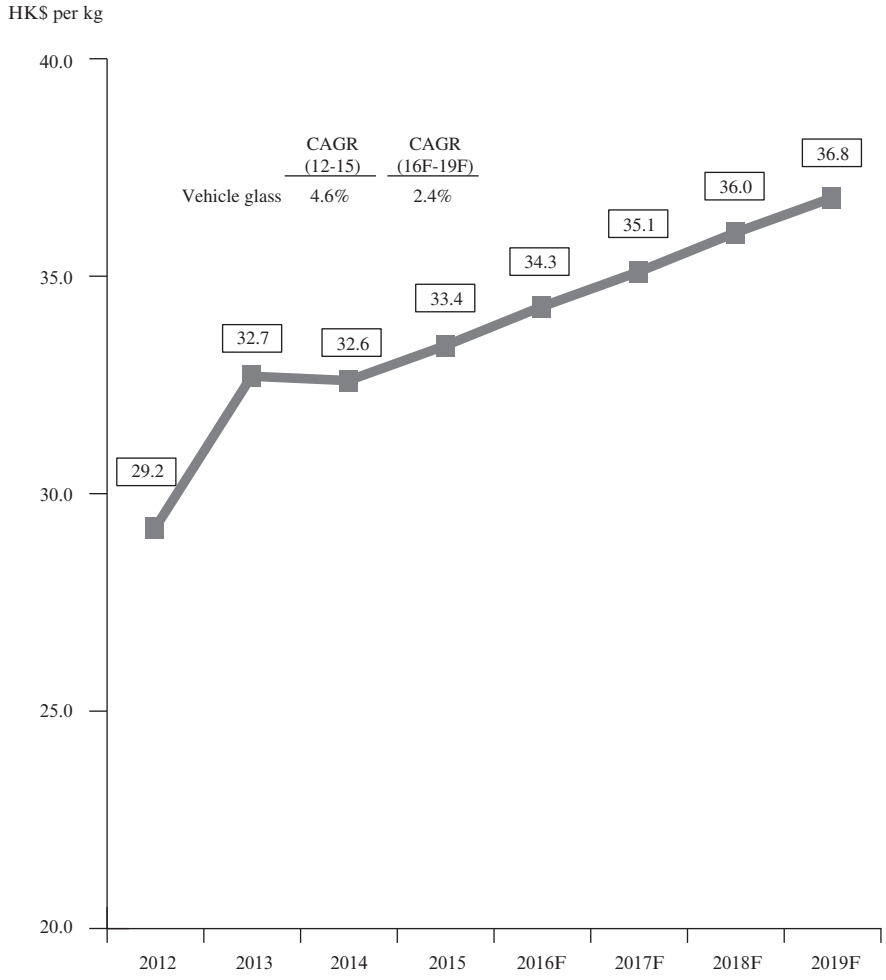
Source: Ipsos Report

Vehicle glass manufacturers are considered to have a moderate bargaining power over vehicle glass repairs and replacement service providers in Hong Kong mainly because although the global vehicle glass manufacturing industry is dominated by four major manufacturers, there are still numerous vehicle glass suppliers which can supply similar vehicle glass products in the market.

According to the *Ipsos Report*, there are over 110 vehicle glass suppliers in the PRC and Hong Kong market of which 16 of them had already been our suppliers which are Independent Third Parties. Our Directors are of the view, and Ipsos concurs, that there are sufficient number of suppliers in the market which can supply us vehicle glass products with similar specifications, quality and quantity at comparable prices and in a timely manner. This is probably due to the large number of vehicle glass suppliers and the low cost of changing suppliers and the quality standards generally used by different suppliers.

PRICE TRENDS OF MAJOR CONSUMABLES FOR PROVISION OF VEHICLE GLASS REPAIRS AND REPLACEMENT SERVICES

Average cost of vehicle glass in Hong Kong from 2012 to 2019

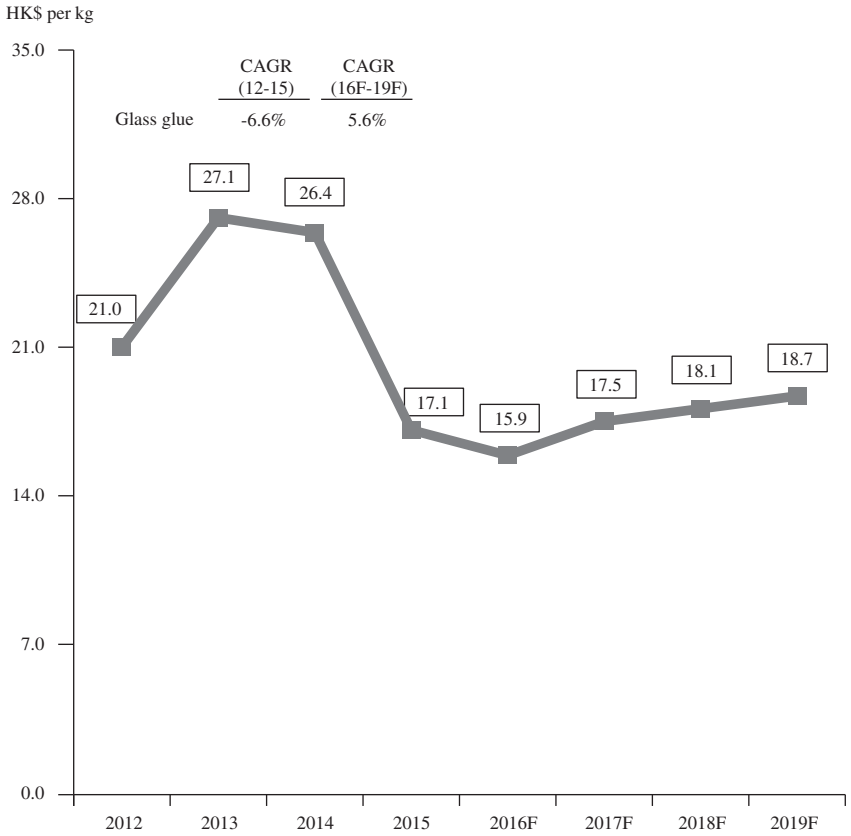


Note: "F" denotes forecast.

Source: Ipsos Report

Vehicle glass is the most important material used for the provision of vehicle glass repairs and replacement services. From 2012 to 2015, the average cost of vehicle glass experienced an increase at a CAGR of 4.6% from HK$29.2 (per kg) in 2012 to HK$33.4 (per kg) in 2015. From 2016 to 2019, the average cost of vehicle glass is estimated to increase at a CAGR of 2.4% from HK$34.3 (per kg) in 2016 to HK$36.8 (per kg) in 2019. The average cost of vehicle glass increased and is expected to mildly increase during both periods due to increasing product complexity and inflation. Increasing product complexity refers to, apart from its basic functions, vehicle glass is becoming increasingly an element of vehicle design with differentiating features, such as more sophisticated coatings to increase solar reflectivity and enhanced aesthetics through the use of coloured coatings. As recent technological advancement in vehicle glass design tends to focus on the above enhancing features rather than the increase in strength of vehicle glass, it would not necessarily lead to a decrease in demand for vehicle glass repairs and replacement services.

Average import price of glass glue in Hong Kong from 2012 to 2019



Note: "F" denotes forecast.
Source: Ipsos Report

Glass glue is one of the consumables used for the provision of vehicle glass repairs and replacement services. From 2012 to 2015, the average import price of glass glue saw an overall decrease at a CAGR of 6.6%, from HK$21.0 (per kg) in 2012 to HK$17.1 (per kg) in 2015. Although there was an overall decrease during the historical period, the increase in average import price of glass glue from 2012 to 2013 was partly driven by the increase in oil prices during the same period, which is a key raw material in the production of glass glue. From 2016 to 2019, it is estimated that the

average import price of glass glue will increase at a CAGR of 5.6% from HK$15.9 (per kg) in 2016 to HK$18.7 (per kg) in 2019. The import price of glass glue is forecasted to recover partially due to the forecast oil price, which is likely to increase from the current level but will not exceed the peak in 2013 to 2014.

COMPETITIVE LANDSCAPE OF THE VEHICLE GLASS REPAIRS AND REPLACEMENT INDUSTRY IN HONG KONG

The vehicle glass repairs and replacement industry in Hong Kong is highly competitive with over 40 dedicated companies and regular service providers. The vehicle glass repairs and replacement service providers can be divided into three types depending on their revenue models, namely (a) dedicated companies, such as our Group, which rely on vehicle glass repairs and replacement industry as their main source of revenue; (b) regular service providers, which regularly provide vehicle glass repairs and replacement services but do not rely on it as their main source of revenue; and (c) irregular service providers, which are vehicle glass dealers, vehicle service centres and local garages. The vehicle glass repairs and replacement service providers compete on price, relationship with corporate customers and insurance companies, accessibility of service centres and quality of services.

Entry barriers analysis of the vehicle glass repairs and replacement industry in Hong Kong

The entry barriers to the vehicle glass repairs and replacement industry in Hong Kong are generally low because the skills required to deliver the services are relatively mechanical and easy to replicate and there is no certification process or regulatory body that regulates the provision of vehicle glass repairs and replacement services in Hong Kong. However, there are also entry barriers for new market entrants, including:

— ***High set up and operating costs:*** Large capital investments are required to start a new business establishment for provision of vehicle glass repairs and replacement services in Hong Kong. These capital investments include the maintenance of inventory, rental of service centre(s) and hiring of skilled labour required for the operation of a new centre or multi-centre; and

— ***Relationships with customers and suppliers:*** It is difficult for a new entrant to secure new customers as a number of key insurance companies and corporate customers have already entered into contracts with existing industry players. Although there are a number of vehicle glass suppliers or distributors, some of them have entered into exclusive contracts with existing industry players and this increases the cost for new entrants to secure supply of vehicle glass.

The five largest vehicle glass repairs and replacement service providers in Hong Kong together had an aggregate market share of 76.7% in 2015 in terms of revenue. The following table sets forth the information of the five largest vehicle glass repairs and replacement service providers (including our Group) in Hong Kong for 2015:

Five largest vehicle glass repairs and replacement service providers in Hong Kong in 2015

Ranking	Company name	Estimated revenue in 2015	Market share	Location	Number of service centres	Key services provided	Types of vehicle glass repairs and replacement service providers
		(HK$'000)					
1	Company E	61,387.3	26.4%	Hong Kong	8	— Vehicle glass repairs and replacement services — All service centres provide door-to-door services	Dedicated company
2	Our Group	45,864.0	19.7%	Hong Kong	4	— Vehicle glass repairs and replacement services — All service centres provide door-to-door services	Dedicated company
3	Company F	40,716.0	17.5%	Hong Kong	5	— Vehicle glass repairs and replacement services — Four out of its five service centres provide door-to-door services — Exclusive distributor of one leading vehicle glass brand	Dedicated company
4	Company G	19,838.0	8.5%	Hong Kong	5	— Vehicle glass repairs and replacement services — Exclusive retailer of one leading vehicle glass product brand	Regular service provider
5	Company H	10,440.0	4.5%	Hong Kong	4	— Vehicle glass repairs and replacement services — Exclusive retailer of one leading vehicle glass product brand	Regular service provider
	Others	54,276.99	23.3%				
	Total	232,522.3	100.0%				

Note: Percentages may not total 100% due to rounding.

Source: Ipsos Report

Our Directors believe that we have our strengths compared with our competitors in the same industry. Further information on our strengths is set forth in the section headed "Business — Our strengths" in this prospectus.

CONFIRMATION FROM OUR DIRECTORS

As of the Latest Practicable Date, after taking reasonable steps, our Directors confirm that, to the best of their knowledge, there is no significant or material adverse change in the market information since the respective dates of the various data contained in this section which may qualify, contradict or have an impact on the information in this prospectus.

OVERVIEW

Our business can be traced back to mid-1990s when our first vehicle glass repairs and replacement service centre in Hong Kong was established by Xinyi Automobile Glass (HK) in December 1996. Xinyi Glass established Xinyi Automobile Glass (HK) and our business through its internally generated financial resources. Throughout the last decade, we experienced a stable business development and have been focusing on the provision of vehicle glass repairs and replacement services to privately-owned passenger vehicles, taxis, trucks, buses and coaches in Hong Kong. The following sets forth our development milestones since the inception of our business.

Dates	Business development
December 1996	Our first service centre was established in Tsuen Wan, New Territories.
April 1997	Our second service centre was established in Kam Tin, Yuen Long, New Territories.
March 1998	Our third service centre was established in Causeway Bay, Hong Kong Island and was subsequently relocated to Quarry Bay, Hong Kong Island.
June 1998	Our fourth service centre was established in Tokwawan, Kowloon.
April 2013	We purchased the Yuen Long Land for HK$9.3 million as our warehouse for storage of vehicle glass. The Yuen Long Land is currently vacant.
October 2015	Our warehouse has been relocated from the Yuen Long Land to the San Tin Land.

CORPORATE DEVELOPMENT

The following sets forth the corporate development of each member of our Group since their respective dates of incorporation.

Our Company

For the purpose of the Listing, our Company was established on 18 November 2015 as the holding company of our Group. Our Company has not carried out any business activities and it is an investment holding company set up by Xinyi Glass (BVI) for the purpose of the Spin-Off and the Listing. Pursuant to the Reorganisation, the number of Shares in issue has been increased from 100 Shares to 485,112,212.38 Shares which will be distributed to our Shareholders pursuant to the Xinyi Glass Distribution.

Xinyi Automobile Glass (BVI)

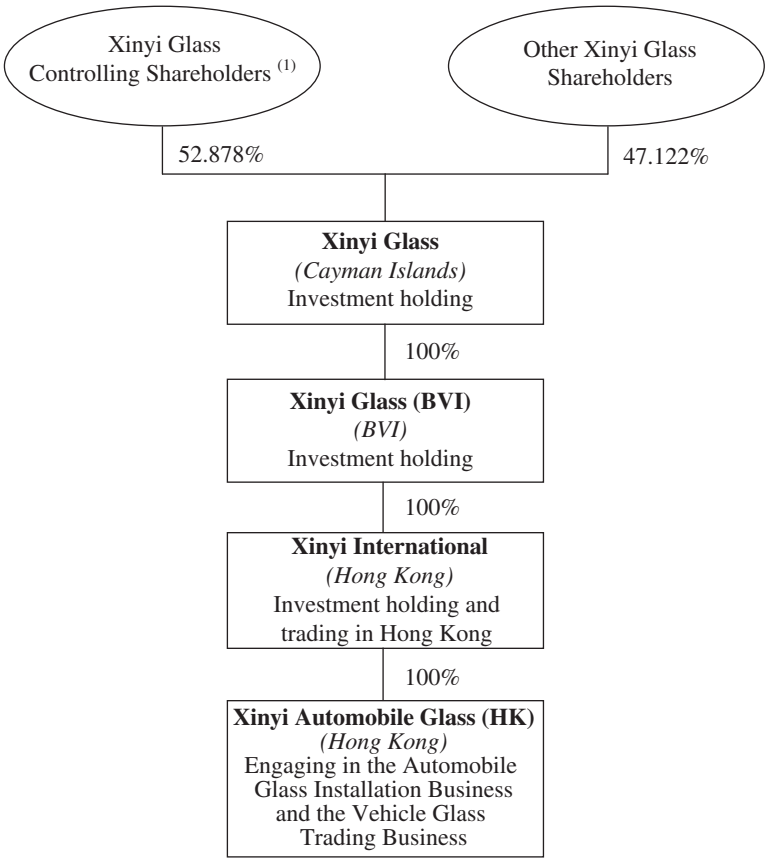
Xinyi Automobile Glass (BVI) was established on 1 December 2015 as the intermediate holding company of our Group and the registered shareholder of Xinyi Automobile Glass (HK). Xinyi Automobile Glass (BVI) has not carried out any business activities.

Xinyi Automobile Glass (HK)

Xinyi Automobile Glass (HK) was incorporated on 10 December 1991 as a wholly-owned subsidiary of Xinyi Glass, and it did not carry on any business until the establishment of our first vehicle glass repairs and replacement service centre in Hong Kong in December 1996. Xinyi Automobile Glass (HK) was the only operating entity of our Group during the Track Record Period and up to the date of this prospectus.

REORGANISATION

The following diagram illustrates our shareholding and corporate structure before the Reorganisation and as of 1 January 2014, being the commencement date of the Track Record Period:



Note:

(1) A list of the Xinyi Glass Controlling Shareholders, who are also our Controlling Shareholders, is set forth in the section headed "Controlling Shareholders and Substantial Shareholders" in this prospectus.

For the purpose of the Spin-Off and the Listing, we carried out the following principal steps comprising the Reorganisation. All the steps involved in the Reorganisation have been conducted in accordance with the applicable laws and regulations.

Incorporation of our Company and Xinyi Automobile Glass (BVI)

On 18 November 2015, our Company was incorporated in the Cayman Islands with Xinyi Glass (BVI) as the sole Shareholder.

On 1 December 2015, Xinyi Automobile Glass (BVI) was incorporated with our Company as the sole shareholder.

Transfer of the Vehicle Glass Trading Business to the Remaining Group

As part of the Reorganisation, we will not undertake the Vehicle Glass Trading Business for two principal reasons. First, the Vehicle Glass Trading Business is not our core business with no services provided by us, and it has been established through business referrals from our corporate customers. Second, the Vehicle Glass Trading Business may compete with the automobile glass wholesales business currently conducted by the Remaining Group. Hence, the Vehicle Glass Trading Business has been transferred to the Remaining Group as part of the Reorganisation.

The transfer of the Vehicle Glass Trading Business has been implemented through the transfer of the customer information and the purchase orders placed by the customers to the Remaining Group. The Vehicle Glass Trading Business has three customers only, and written notifications have also been sent to those customers for the cessation of Vehicle Glass Trading Business. The audited consolidated financial information of our Group set forth in Appendix I to this prospectus does not include the performance of the Vehicle Glass Trading Business during the Track Record Period. Cash transfer between Automobile Glass Installation Business and the Vehicle Glass Trading Business have been included in intercompany balances and presented as current payables with related parties. Further information on the relevant amounts is set forth in the section headed "Financial Information — Principal components of our consolidated balance sheets" in this prospectus.

Transfer of all issued shares of Xinyi Automobile Glass (HK) to Xinyi Automobile Glass (BVI)

On 14 December 2015, all the 100,000 shares of Xinyi Automobile Glass (HK) of nominal value of HK$1.0 each have been transferred from Xinyi International to Xinyi Automobile Glass (BVI) for the consideration of 599 Shares to be allotted and issued by our Company to Xinyi Glass (BVI) upon the instruction of Xinyi International.

Following completion of the above share transfers, our Company has become a wholly-owned subsidiary of Xinyi Glass (BVI) and the holding company of Xinyi Automobile Glass (BVI) and Xinyi Automobile Glass (HK).

Repayment of the Remaining Group Balance

On 10 March 2016, Xinyi Glass (Hong Kong) settled the Remaining Group Balance by way of cash. Following the settlement of this amount, there is no non-trade related inter-group balance between the Remaining Group and us.

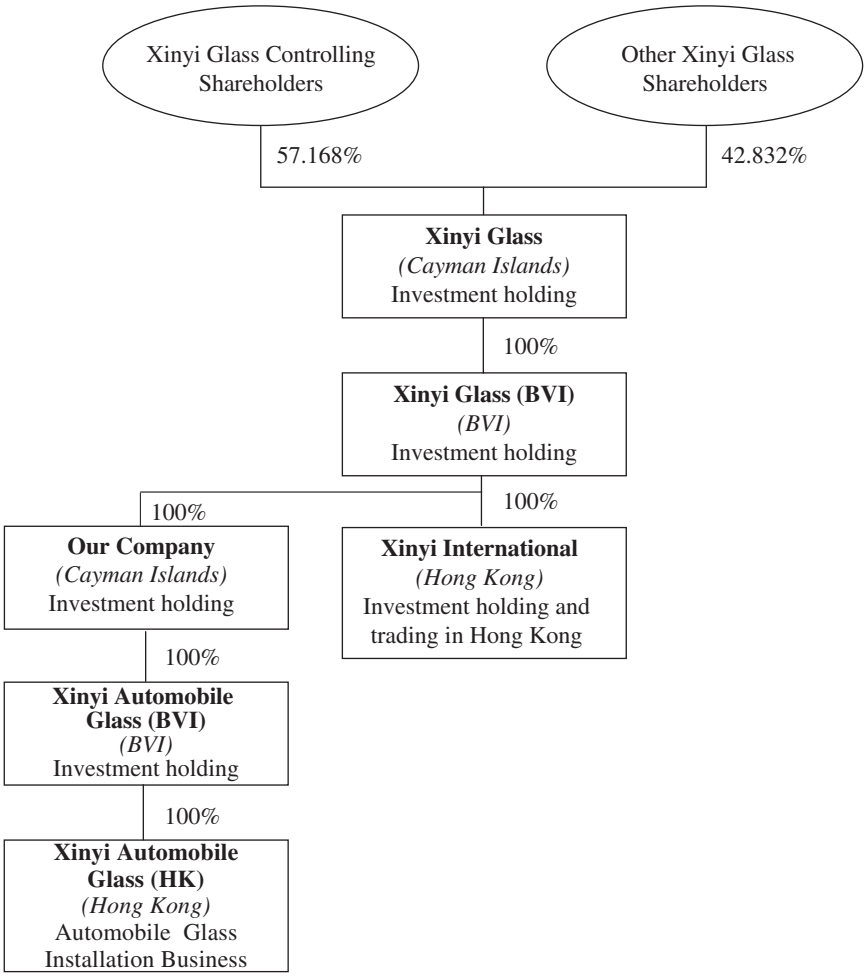
Save for the continuing connected transactions between our Group and the Remaining Group as further disclosed in the section headed "Continuing Connected Transactions" of this prospectus, it is not expected that there will be any non-trade related inter-group transactions between our Group and the Remaining Group and thus, after Listing and going forward, there should be no non-trade related inter-group balance between our Group and the Remaining Group.

Capitalisation Issue

On 25 June 2016, our Company completed the Capitalisation Issue.

SHAREHOLDING AND CORPORATE STRUCTURE BEFORE THE REORGANISATION

The following diagram illustrates our shareholding and corporate structure immediately after completion of the Reorganisation and as of the Latest Practicable Date:



XINYI GLASS DISTRIBUTION

On 25 June 2016, the Xinyi Glass Board declared a conditional distribution in specie, by way of special interim dividend, all Shares in issue to the Xinyi Glass Qualifying Shareholders. The Xinyi Glass Distribution is not required to be approved by the Xinyi Glass Shareholders under article 155 of the Xinyi Glass Articles. Each Xinyi Glass Qualifying Shareholder will be entitled to one Share for eight Xinyi Glass Shares held by he/she/it as of the close of business on the Xinyi Glass Distribution Record Date. The Xinyi Glass Distribution is conditional upon the Spin-Off becoming unconditional. On the basis of 3,880,897,699 Xinyi Glass Shares in issue on the Xinyi Glass Distribution Record Date, a total of 485,112,212.38 Shares (consisting of 699 Shares in issue and 485,111,513.38 Shares issued pursuant to the Capitalisation Issue), representing all the Shares in issue, will be distributed to the Xinyi Glass Qualifying Shareholders on a *pro rata* basis.

As of the Latest Practicable Date, there were 3,880,897,699 Xinyi Glass Shares in issue, which means that the Xinyi Glass Distribution will comprise of 485,112,212.38 Shares. If there is any increase in the number of Xinyi Glass Shares after the Latest Practicable Date and before the Xinyi Glass Distribution Record Date, the number of Shares comprising the Xinyi Glass Distribution will increase accordingly so as to maintain the distribution ratio of one Share for eight Xinyi Glass Shares. Our Directors and the Xinyi Glass Directors do not expect that there will be any significant increase in the number of Xinyi Glass Shares on or before the Xinyi Glass Distribution Record Date. The Xinyi Glass Shares may increase on or before the Xinyi Glass Distribution Record Date as a result of exercise of the share options by the employees of Xinyi Glass Group under the share option scheme adopted by Xinyi Glass. Xinyi Glass will issue a further announcement on the exact number of Xinyi Glass Shares in issue as of the Xinyi Glass Distribution Record Date and the number of our Shares subject to the Xinyi Glass Distribution.

As of the Latest Practicable Date, our Directors confirm that 25 Xinyi Glass Qualifying Shareholders (including both the Xinyi Glass Controlling Shareholders and the public Xinyi Glass Shareholders) will have fractional entitlements to our Shares under the Xinyi Glass Distribution. Fractions of our Shares will not be allotted to the Xinyi Glass Qualifying Shareholders under the Xinyi Glass Distribution. For the Xinyi Glass Qualifying Shareholders with fractional entitlement to our Shares under the Xinyi Glass Distribution, their entitlements will be rounded down to the nearest whole number of Share. The fractional entitlements of the Xinyi Glass Qualifying Shareholders will be aggregated and sold to a third party at the price equivalent to the closing price for each Share on the Listing Date. The proceeds of sale (net of expenses and taxes) will be paid to the relevant Xinyi Glass Qualifying Shareholders according to their respective entitlements.

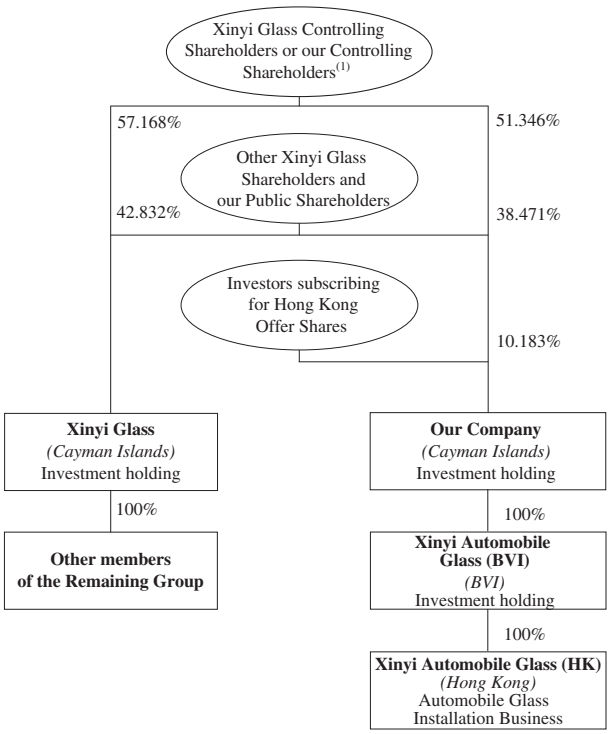
Further information on the Xinyi Glass Distribution is set forth in the section headed "Xinyi Glass Distribution" in this prospectus.

HONG KONG PUBLIC OFFERING

The Hong Kong Public Offering will involve the offering of the Hong Kong Offer Shares to members of the public in Hong Kong according to the terms and conditions in this prospectus and the Application Forms. Further information on the Hong Kong Public Offering is set forth in the sections headed "Hong Kong Public Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus.

SHAREHOLDING AND CORPORATE STRUCTURE FOLLOWING COMPLETION OF THE SPIN-OFF AND THE LISTING

The following diagram illustrates our shareholding and corporate structure immediately following completion of the Xinyi Glass Distribution, the Hong Kong Public Offering, the Spin-Off and the Listing:



Note:

(1) A list of the Xinyi Glass Controlling Shareholders, who are also our Controlling Shareholders, is set forth in the section headed "Controlling Shareholders and Substantial Shareholders" in this prospectus.

OVERVIEW

We are a service provider of vehicle glass repairs and replacement services in Hong Kong. Our services can be provided either at our service centres or by our motorcade service teams at such locations as requested by our customers. According to the *Ipsos Report*, we ranked the second in 2015 in the vehicle glass repairs and replacement industry in Hong Kong in terms of revenue with a market share of 19.7%.(1)

Our business operation was commenced when our first service centre in Hong Kong was established in December 1996. In 1997, we started using our motorcade service teams to provide the vehicle glass repairs and replacement services to our customers. As of the Latest Practicable Date, we had four service centres and 19 motorcade service teams for the provision of our services.

During the Track Record Period, our customers mainly included (a) corporate customers, such as garages, car dealers, car rental companies, coach and bus companies and public service organisations and government departments, which are not insured under the motor vehicle insurance policies maintained with the insurance companies; (b) individual customers not insured under motor vehicle insurance policies; and (c) insurance companies pursuant to which we have entered into cooperation arrangements for the provision of vehicle glass repairs and replacement services for the insured car owners. We have established business relationships with certain insurance companies in Hong Kong for up to seven years. During the year ended 31 December 2015, the revenue generated from corporate customers (other than insurance companies), individual customers and insurance companies represented 51.5%, 40.5% and 8.0% of the total amount of our revenue, respectively.

We achieved a steady revenue growth during the Track Record Period. Our revenue increased from HK$42.5 million for the year ended 31 December 2014 to HK$45.9 million for the year ended 31 December 2015, representing a growth of 7.9%.

OUR STRENGTHS

We believe that our strengths include the following:

We are currently one of the most established aftermarket vehicle glass repairs and replacement businesses in Hong Kong.

Since we commenced our business in December 1996, we have developed and expanded over the years as a business focused on the provision of vehicle glass repairs and replacement services in Hong Kong. Most of the vehicle glass supplied and installed by us is aftermarket vehicle glass, which is supplied by the Xinyi Glass Group and Independent Third Parties. We have about 20 years' experience in the aftermarket vehicle glass repairs and replacement business. According to the *Ipsos Report*, we are the second largest vehicle glass repairs and replacement service provider in Hong Kong in 2015. Our Directors believe that our business reputation and our long operating history enable us to maintain our position as a leading service provider in the vehicle glass repairs and replacement industry in Hong Kong.

(1) According to the *Ipsos Report*, the largest vehicle glass repairs and replacement service provider in Hong Kong in terms of revenue in 2015 had a market share of 26.4%.

We have experienced management personnel and well-trained technicians with technical know-how in vehicle glass repairs and replacement services for different kinds of passenger and goods vehicles.

Over the years, we have accumulated extensive experience in the installation of vehicle glass for different types of passenger vehicles, including taxis, buses and coaches, and goods vehicles. We can procure a wide range of vehicle glass of different brands and models which allows us to cater for the different needs and requirements of our customers.

Our Directors and senior management team have accumulated technical know-how and experience in the management and operation of service centres and motorcade service teams. In particular, Ms. LI Pik Yung, our executive Director, and Mr. SHI Chit Yuk, our Chief Executive Officer, have extensive experience in the vehicle glass repairs and replacement industry. Both of them have been responsible for overseeing our daily operations since the early stage of development of our Group in the 1990s and have contributed to our business growth during major parts of the past two decades. Our shop managers, who are responsible for overseeing the daily operations of our service centres, have at least seven years of experience in the vehicle glass repairs and replacement industry. Further information on our Directors and senior management team is set forth in the section headed "Directors, Senior Management and Employees" in this prospectus.

We have established business relationships with corporate customers and insurance companies.

For the year ended 31 December 2015, the revenue generated from corporate customers (other than insurance companies), individual customers and insurance companies represented 51.5%, 40.5% and 8.0% of our total revenue, respectively. Corporate customers, including garages, car dealers, car rental companies, coach and bus companies and public service organisations and government departments, are our major customers. We also generate revenue from insurance companies in Hong Kong in respect of the provision of vehicle glass repairs and replacement services to the insured car owners. We have entered into non-exclusive cooperation arrangements with some of these insurance companies. The revenue derived from insurance companies amounted to HK$3.0 million and HK$3.7 million, accounting for 7.2% and 8.0% of the total amount of our revenue during the Track Record Period, respectively. Our Directors believe that it is important that we maintain business relationships with our existing corporate customers and the insurance companies as well as to further explore business cooperation opportunities with any potential corporate customers and insurance companies which can facilitate our future growth.

We have stringent quality control and have achieved recognised servicing standards.

We believe that service quality is important to our business, which is dependent upon the product quality of vehicle glass used by us as well as the quality of our workmanship and services. We impose stringent quality control policies in our procurement of vehicle glass and the provision of vehicle glass repairs and replacement services, further information on which is set forth in the paragraphs under "Procurement — Procurement policy and maintenance of optimal inventory level" below. We ensure that the vehicle glass procured from our suppliers comply with both the relevant international standards as well as the local standards under the applicable laws and regulations. We also have a team of quality management staff to conduct inspection of the aftermarket and OEM vehicle glass procured by us. During the Track Record Period, we have not received any material complaints from our customers on the quality of the vehicle glass or in respect of the quality of workmanship of our services provided.

We implement quality control measures to ensure the quality of our services, which include provision of technical training to our technicians and supervision of our junior technicians by the senior or more experienced technicians.

We have four service centres in Hong Kong and 19 motorcade service teams for the provision of the vehicle glass repairs and replacement services.

We operate four service centres which are located in Kam Tin, Tsuen Wan, Tokwawan and Quarry Bay for the provision of vehicle glass repairs and replacement services as of the Latest Practicable Date. As of the Latest Practicable Date, we also have 19 motorcade service teams stationed at our service centres for the provision of vehicle glass repairs and replacement services at designated locations as requested by our customers. We may, for example, carry out our repairs and replacement services at carparks or garages if so requested by our customers. We have an established service network covering the Hong Kong Island, Kowloon and the New Territories, which enables us to serve our customers in different parts of the territory.

OUR STRATEGIES

We plan to pursue the following strategies:

Increase our service capacity and improve our customer service facilities by enhancing our service centre network and motorcade service teams.

In view of the expected increase in the number of motor vehicles in Hong Kong and our cooperation with an increasing number of insurance companies, we plan to enhance our service capacity by expanding our existing service centres, setting up a new service centre and expanding our motorcade service teams. Further information on our cooperation with insurance companies is set forth under the paragraphs "Enhance the business relationship with insurance companies" below.

Our expansion plan is to improve and expand the existing service centres in Tokwawan and on the Hong Kong Island and to establish a new service centre in East Kowloon. We plan to expand our Tokwawan service centre because of its convenient location as it is close to other car dealers and garages. The location selected by us is consistent with our overall strategic planning of our service network and coverage. We have leased an additional shop premises close to our existing service centre in Tokwawan in June 2016 as part of our plan. Further information on the newly leased shop premises is set forth in the paragraph under "Property interests" in this section. Due to the limited service capacity of our existing Quarry Bay service centre, we plan to relocate our Quarry Bay service centre to a larger area on the Hong Kong Island during the first half of 2017. As of the Latest Practicable Date, we were still identifying the suitable premises for the new service centre on the Hong Kong Island. We also plan to set up a new service centre by purchasing shop premises in East Kowloon during the first half of 2018. The size of the new premises on the Hong Kong Island and in East Kowloon are expected to be around 400 sq.ft. and 1,000 sq.ft. to 2,000 sq.ft., respectively. Our Directors estimate that the monthly rental to be incurred for the new premises on the Hong Kong Island would be around HK$48,000 and the purchase price of shop premises in East Kowloon would be HK$30 million to HK$40 million. The information on the expected monthly rental and the purchase price is obtained from property agents who are Independent Third Parties. As of the Latest Practicable Date, we had not identified any potential new shop premises in East Kowloon for acquisition and will only commence identifying potential premises after Listing. We intend to use up to HK$17.7 million from the net proceeds of the Hong Kong Public Offering for the potential acquisition and renovation of the East Kowloon shop premises. Any shortfall is intended to be financed by internal resources of our Group. The estimated cost required for the expansion of our service centres in Tokwawan and on

the Hong Kong Island and setting up of a service centre in East Kowloon would be HK$21.8 million which, apart from any shortfall for financing the acquisition and renovation of our East Kowloon shop premises as our service centre, will be fully applied out of the net proceeds from the Hong Kong Public Offering.

In addition, it is our plan to acquire additional motor vehicles for our motorcade service teams to cater for the expanded business network. The estimated cost required for the expansion of our motorcade service teams would be HK$2.8 million, which will be fully applied out of the proceeds from the Hong Kong Public Offering.

With a view to improving our customer service facilities, we also plan to renovate our existing service centres in Tokwawan and Tsuen Wan. Our Directors estimate that the renovation cost to be incurred for renovation of our service centres in Tokwawan and Tsuen Wan would be HK$0.6 million and HK$0.5 million, respectively. Our Directors believe that each of our service centres in Tokwawan and Tsuen Wan will need to be closed for two weeks for renovation, during which we will continue to use our motorcade teams to provide our services. On this basis, our Directors believe that the temporary closure of our service centres will have no material impact on our business operations.

We expect the above expansion plan of our service centres is important to us. Our Directors expect that the number of service centres will increase from four to five in two years. Our Directors believe that such increase can expand the service capacity and is also consistent with the expectation of our insurance company customers. On the basis of the expected increase in service capacity of 8%, 9% and 7% during the three years ending 31 December 2018, respectively, we expect that the capital expenditure for each additional service centre will be recouped in less than 12 months. The expected increase in the service capacity is based on the expected increase in car parking spaces within the service centres and the expected increase in the number of vehicles in our motorcade service teams. The increase in the service capacity by 7% to 9% per annum is intended to satisfy the expected increase in the total sales value of the vehicle glass repairs and replacement industry in Hong Kong at a CAGR of 6.4% during the period from 2016 to 2019, according to the *Ipsos Report*. Our Directors confirm that the utilisation rate is based on the actual service volume and the maximum service capacity. Generally speaking, the utilisation rate of the service centre of approximately 50% is an industry norm. Customers normally visit the service centres on the morning or in late afternoon of weekdays. The reserved capacity is therefore required for the business growth.

The total expected net proceeds to be used for expansion of our service capacity would be HK$25.1 million. In our experience, it would take two to five months for a new service centre to achieve breakeven position. Hence, the proposed expansion plan has no material adverse impact on our business operations and financial performance.

Leverage the development of mobile apps and online facility to enable online service requests and payments for our vehicle glass repairs and replacement services.

As of the Latest Practicable Date, we have an individual customer service hotline for each of our service centres which provide enquiry services to our customers during the business hours. Our customers could make enquiries and arrange for service requests through the service hotline. We have also set up a centralised customer hotline since April 2016 and have designated staff to address all pre-service enquiries from our customers.

We intend to further expand our reach to the car owners and enhance our customer base by introducing online booking and payment services pursuant to which our customers can arrange for service requests and settle the payment for vehicle glass repairs and replacement services through our website and mobile apps at any time. We believe that these online supports would generate more business opportunities to us. The estimated cost required for the development of mobile apps and online facility would be HK$0.5 million, which will be fully applied out of the proceeds from the Hong Kong Public Offering.

Enhance the business relationship with insurance companies.

According to the *Ipsos Report*, during the last decade, there has been an increasing number of insurance companies that offered vehicle glass repairs and replacement services as part of the motor vehicle insurance coverage under their insurance policies, which is expected to drive the demand for vehicle glass repairs and replacement services in Hong Kong. According to the *Ipsos Report*, the motor vehicle insurance market in Hong Kong is fairly concentrated. As of 8 June 2016, there were 74 insurance companies authorised in Hong Kong in the motor vehicle liability class, with the ten largest insurance companies accounting for an aggregate market share of 67.2%[(1)] of the amount of the automobile gross insurance premium in 2014.

We have been actively liaising with the insurance companies during the first half of 2016. From March 2016 to May 2016, we have entered into co-operative agreements with four insurance companies. The business with insurance companies generally enjoys a relatively high profit margin, and our Directors believe that focusing on this business stream would be beneficial to our development in the long run. Many of reputable insurance companies have requested us to enhance the service capacity at major locations and improve the layout and the network of the service centres. Our Directors consider that this is particularly relevant as certain of our major competitors have more service centres than us. On this basis, our Directors believe that the expansion of our service capacity and service network is a commercially viable decision. Further information on our strategy of expansion of our service capacity and service network is set forth in the paragraphs under "Increase our service capacity and improve our customer service facilities by enhancing our service centres network and motorcade service teams" in this sub-section.

We will continue to explore the potential cooperation opportunities with insurance companies in order to broaden our customer base. Our Directors expect that our revenue attributable from insurance companies will continue to increase.

Enhance the quality of our services and our brand.

We are committed to provide high quality vehicle glass repairs and replacement services. We have established a strict quality management system with internal procedure manual on the provision of vehicle glass repairs and replacement services. In order to ensure compliance with our internal procedure manual, we will also provide on-the-job training sessions to our technicians on a quarterly basis to enhance their technical skills and provide update on the latest technology, customer service skills and workplace safety in order to raise the standard and quality of our services. Our quality management team also carry out regular quality control inspections at our service centres to ensure our service quality.

(1) According to the *Ipsos Report*, the aggregate market share of the ten largest insurance companies in 2015 is not yet available.

Our marketing objective focuses on promoting our reputation on the provision of high quality vehicle glass repairs and replacement services, which could provide an alternative to the OEM vehicle glass replacement services currently offered by certain service centres authorised by car manufacturers.

We plan to strengthen our marketing efforts in terms of advertising, promotion and brand-building. We intend to participate in major events held by some major industry organisations, such as Hong Kong Automobile Association.

Explore mergers and acquisitions and investment opportunities in vehicle glass repairs and replacement business and other business areas.

Following the Listing, we plan to further expand the breadth and depth of our business. We also intend to explore other investment opportunities with the objective of maximising the returns to our Shareholders. We intend to identify merger and acquisition targets within Hong Kong to further strengthen our service network and increase our market share.

Our Directors may also consider new business opportunities in new energy industry and investment opportunities outside Hong Kong to leverage the benefit of the fund raising platform that we will have following the Listing. In this connection, we plan to explore possible investment opportunities on the use of new energy (electricity) in motor vehicles and transportation services. This strategy is, however, at its preliminary stage, and further feasibility studies on its merits and the related arrangements will be required. As of the date of this prospectus, we have not entered into any commitment for the implementation of this strategy.

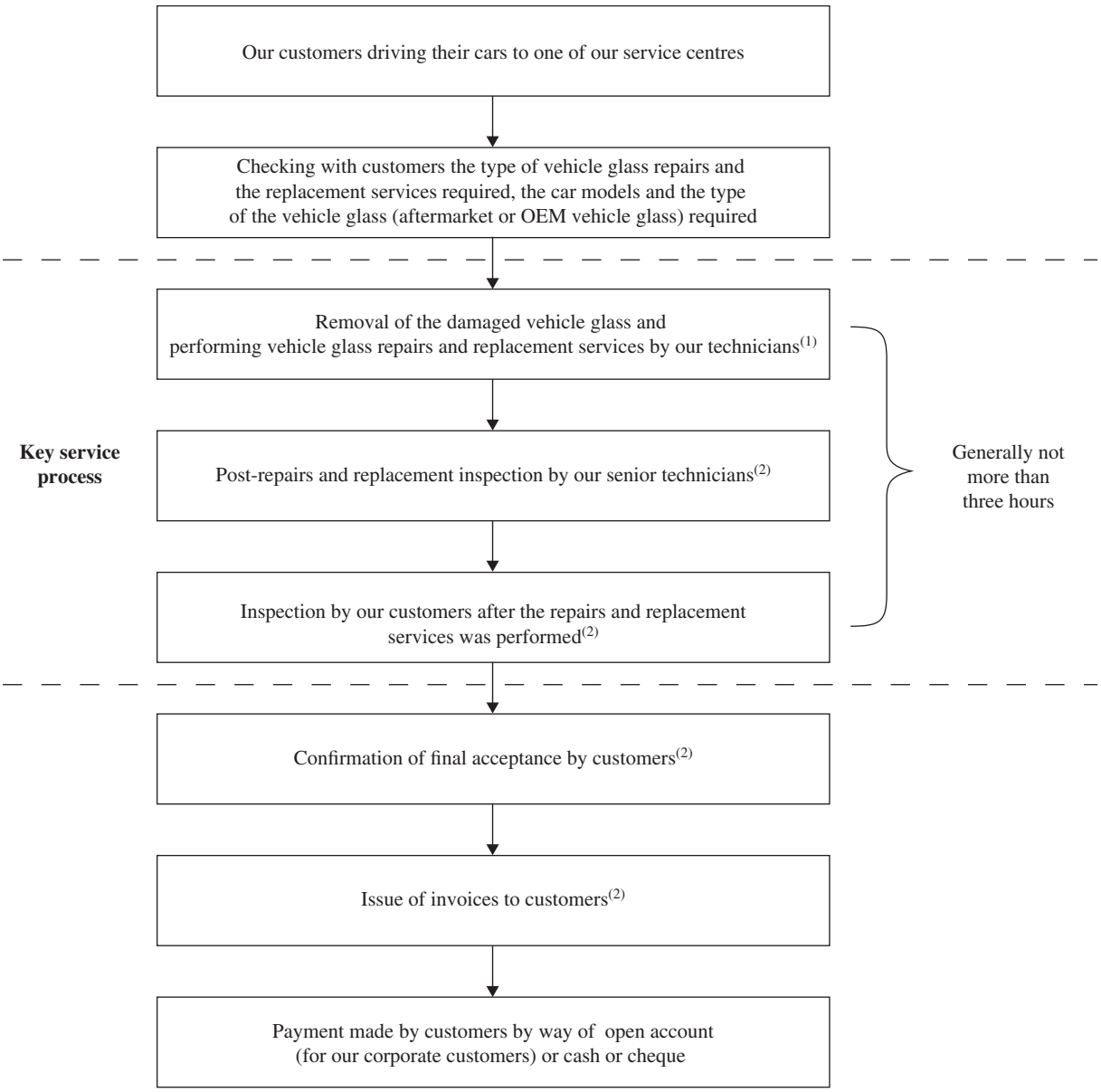
As of the date of this prospectus, we have not identified any specific merger and acquisition target, nor have we entered into any legally binding agreement or arrangement for such purpose. We select the merger and acquisition targets based on: (a) whether its network of service centres is complementary to our network; (b) its profitability or sustainability of business; (c) its reputation in the industry; and (d) the prospect of increasing our market share in the vehicle glass repairs and replacement industry in Hong Kong. We will use the financial resources generated from our operations in implementing this business strategy.

OUR BUSINESS PROCESS

Our vehicle glass repairs and replacement services may be provided at our service centres or at such locations as requested by our customers/insured car owners. Our customers include corporate and individual customers as well as car owners under insurance policies with the insurance companies.

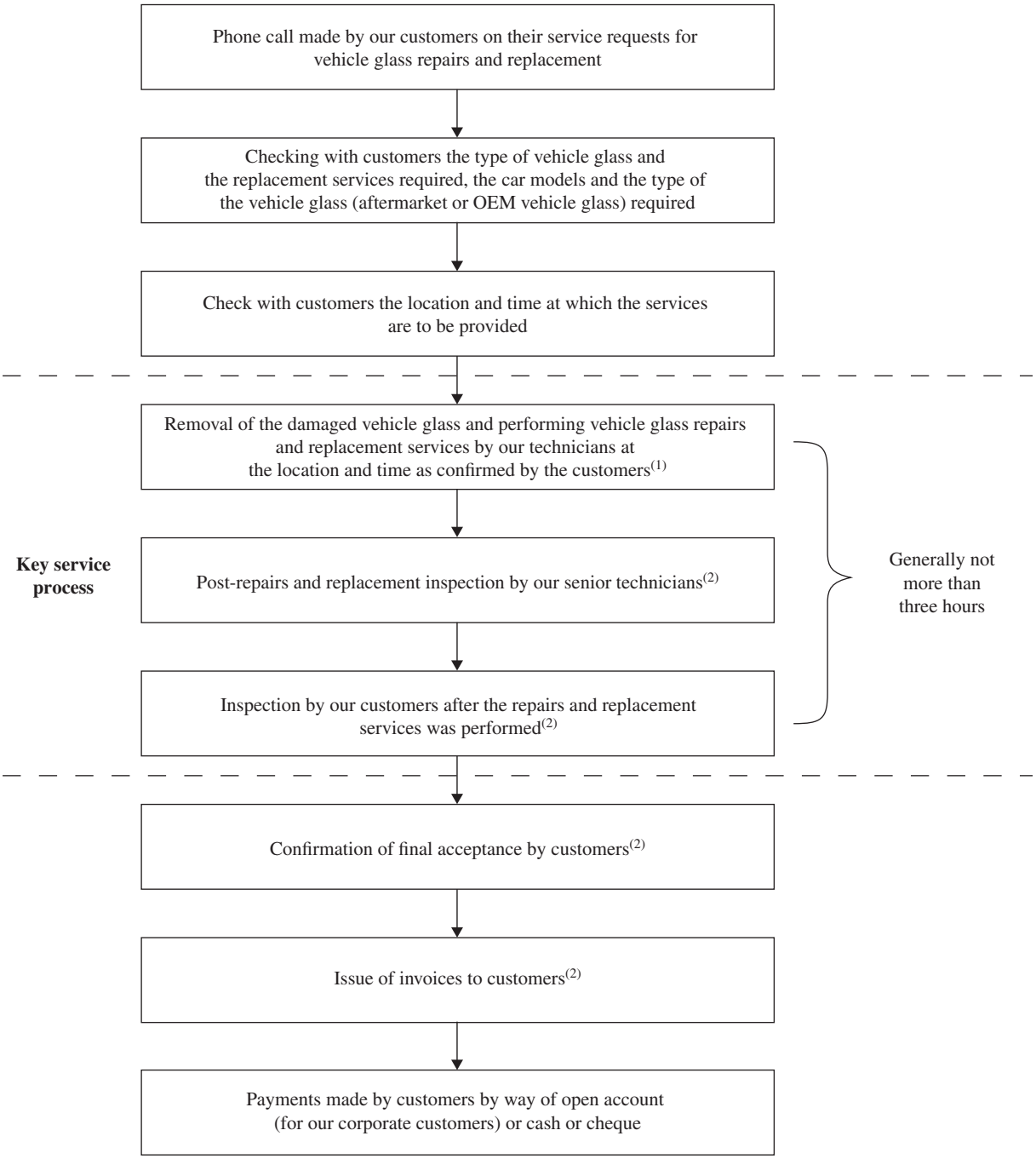
Services provided at our service centres

The following diagram illustrates the business process for the provision of vehicle glass repairs and replacement services at our service centres:



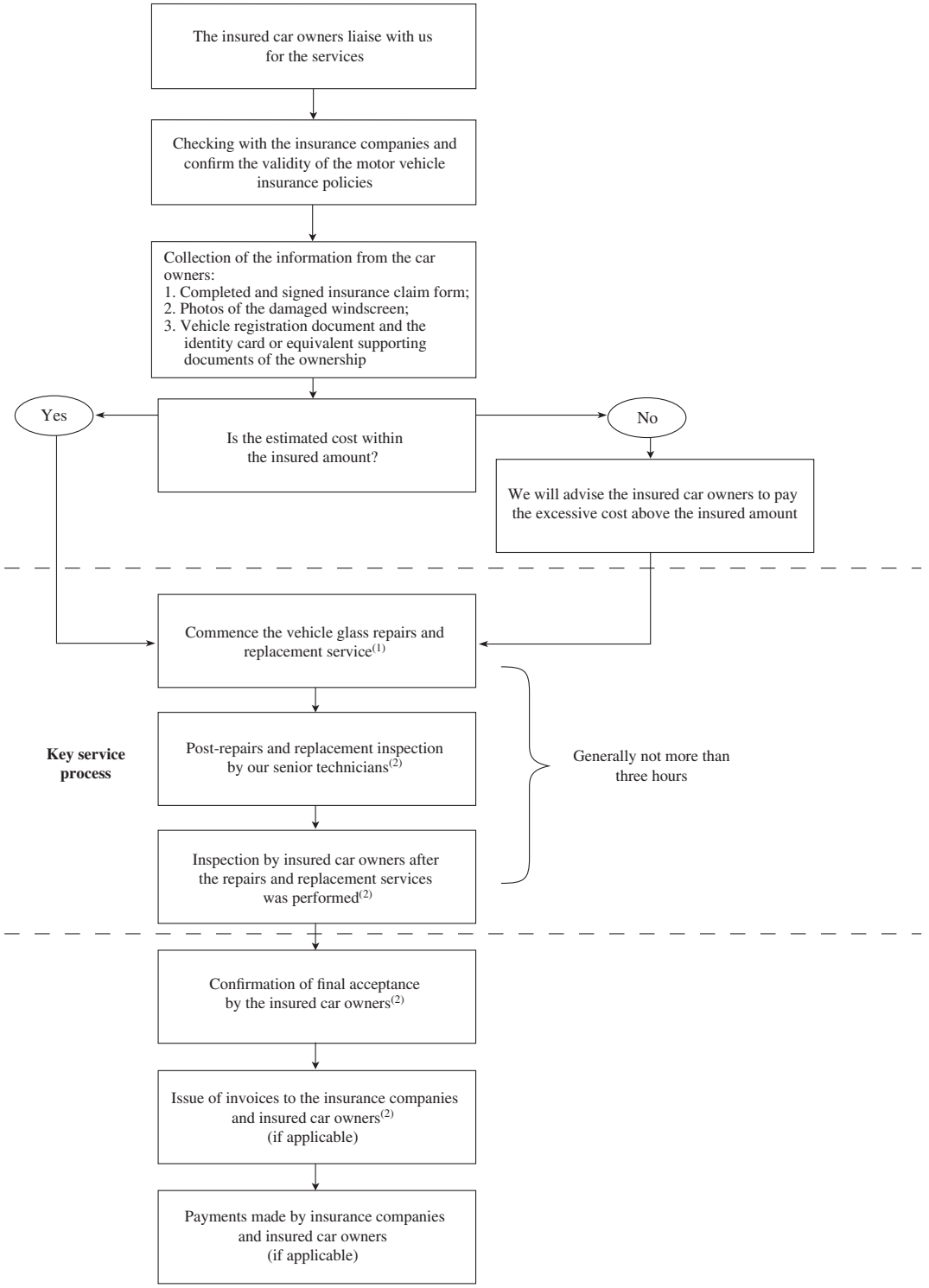
Services provided by our motorcade service teams

The following diagram illustrates the business process for the vehicle glass repairs and replacement services provided by our motorcade service teams:



Services provided at our service centres or by motorcade service teams to car owners under insurance policies

The following diagram illustrates the business process for the vehicle glass repairs and replacement services provided to car owners under insurance policies with the insurance companies:



Notes:

(1) **Performance of vehicle glass repairs and replacement services**

Vehicle glass repairs and replacement services will either be carried out by our technicians at our service centres or by our motorcade service teams at such locations as requested by our customers/insured car owners. We conduct repairs and replacement services pursuant to specific requirements of our customers/insured car owners and our internal procedure manual. Our internal procedure manual sets forth the steps involved in the entire installation/repair process, including the removal of the damaged vehicle glass, the installation of the new vehicle glass and checking the installation condition of the new vehicle glass with various equipment.

(2) **Post-repairs and replacement inspection and final acceptance by customers/insured car owners**

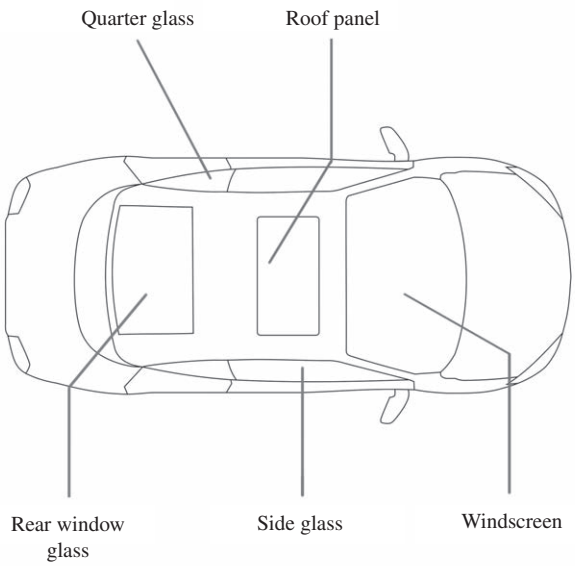
Upon completion of the vehicle glass repairs and replacement services, our technicians will conduct inspection to ensure that the vehicle glass has been properly fitted onto the vehicles. Following the inspection, we will arrange with the customers/insured car owners to inspect and confirm the final acceptance. We will then issue invoices to our customers/insured car owners. For those insured car owners, we will issue the invoices to the insurance companies, and the insurance companies will settle the invoices on a monthly basis. If such customers/insured car owners have requested for vehicle glass of brands and models with prices exceeding the insured amount under the relevant insurance policies, we will charge the insured car owners for the additional cost. We will try to ensure that vehicle glass repairs and replacement services provided at our service centres and by our motorcade service teams shall be completed within three hours.

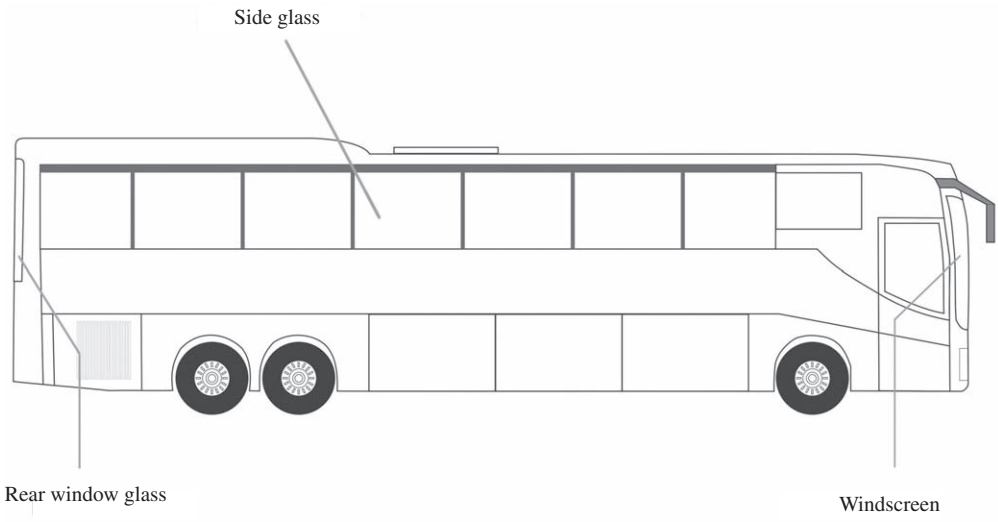
SALES AND MARKETING

Overview

Our sales department is responsible for our sales and marketing activities and formulating our overall sales strategies, collecting and analysing market data, identifying and contacting potential customers. Our sales department is under the supervision of our Chief Executive Officer. As of 31 December 2015, we had a team of six employees responsible for sales, marketing and customer services. Many of our sales employees have extensive experience in sales and marketing and have the relevant vehicle glass repairs and replacement experience and knowledge. In addition to customer liaison and follow-up work after the provision of services as part of our direct sales activities, our sales employees work closely with our technicians to ensure that we have the most updated knowledge on the requirements of our customers and the latest product development and related technologies. Our revenue is principally generated from the provision of vehicle glass repairs and replacement services, which includes the cost of the vehicle glass supplied for installation onto the vehicles of our customers/insured car owners and the fees for our services provided. We operate in one business segment and hence, there is no segmental information for the analysis of our revenue.

Our revenue may be analysed by the type of vehicle glass installed by us on a vehicle, namely windscreen, side glass, rear window glass and other glass used on motor vehicles (such as roof panel). The diagrams below illustrate the positions of different types of vehicle glass on passenger vehicles:





The following table sets forth an analysis of our revenue by the type of vehicle glass installed by us as part of our vehicle glass repairs and replacement services provided during the Track Record Period:

	Year ended 31 December			
	2014		2015	
	HK$'000	*%*	*HK$'000*	*%*
Fees received from the installation of:				
Windscreen	22,671	53.3	25,046	54.6
Side glass	8,735	20.6	9,127	19.9
Rear window glass	5,747	13.5	5,978	13.0
Subtotal	37,153	87.4	40,151	87.5
Fees received from other miscellaneous services(1)	5,352	12.6	5,713	12.5
Total	42,505	100.0	45,864	100.0

Note:

(1) These services include the replacement of glass rubber strips, leakage control, glass testing services and other miscellaneous repairing services provided by us without the replacement of any of the windscreen, side glass or rear window glass.

The following table sets forth an analysis of our revenue by the source of vehicle glass installed by us as part of our vehicle glass repairs and replacement services during the Track Record Period:

	Year ended 31 December			
	2014		2015	
	HK'000	*%*	*HK$'000*	*%*
Aftermarket vehicle glass	34,104	91.8	36,343	90.5
OEM vehicle glass	3,049	8.2	3,808	9.5
Total	37,153	100.0	40,151	100.0

The following table sets forth the quantity of the types of vehicle glass installed by us as part of our vehicle glass repairs and replacement services provided during the Track Record Period:

	Year ended 31 December		
	2014	2015	
	(Pieces)	*(Pieces)*	*% of change*
Windscreen	17,034	16,839	(1.1)
Side glass	20,811	20,564	(1.2)
Rear window glass	5,970	6,058	1.5
Total	43,815	43,461	(0.8)

The following table sets forth the quantity of the aftermarket vehicle glass and the OEM vehicle glass installed by us during the Track Record Period:

	Year ended 31 December			
	2014		2015	
	(Pieces)	*%*	*(Pieces)*	*%*
Aftermarket vehicle glass	43,067	98.3	42,627	98.1
OEM vehicle glass	748	1.7	834	1.9
Total	43,815	100.0	43,461	100.0

Basis of our fees

Our fees include the cost of vehicle glass supplied for installation into the vehicles of our customer/insured car owners and/or the fees for our services provided. We determine our fees with reference to the following factors:

— procurement costs of vehicle glass and other consumables;
— labour cost and overheads;
— competitive environment and the fees charged by our competitors; and
— payment terms of our fees.

The fees may vary with the types of vehicle glass used and different vehicle models. We generally adopt a uniform fee scale for repairs and replacement of vehicle glass of the same quality for the same vehicle model. We review our fee scale on a regular basis taking into consideration the prevailing market price levels. The fees charged by us include the cost of the vehicle glass and our fee for the services provided by us for the removal of the existing vehicle glass and installation of the new vehicle glass.

The following table sets forth the average fees charged by us for the installation of different types of vehicle glass during the Track Record Period:

	Year ended 31 December		
	2014	2015	
	HK$	*HK$*	*% of change*
Windscreen	1,330.9	1,487.4	11.8
Rear window glass	962.7	986.7	2.5
Side glass	419.7	443.8	5.7
Weighted average	848.0	923.8	8.9

The following table sets forth the average fees charged by us for different types of customers during the Track Record Period:

	Year ended 31 December		
	2014	2015	
	HK$	*HK$*	*% of change*
Corporate customers (other than insurance companies)	796.7	836.9	5.0
Individual customers	792.6	894.3	12.8
Insurance companies	3,361.5	3,356.2	(0.2)
Overall average	848.0	923.8	8.9

We currently provide our services to the following types of customers:

Corporate customers

We generally determine the amount of our fees offered to our corporate customers based on the brands (aftermarket or OEM) of the vehicle glass, the types of the vehicle glass (windscreen, rear window glass or side glass) to be replaced, the payment history and the fee levels charged by our competitors. The selection of aftermarket or OEM vehicle glass will also affect our fees as OEM vehicle glass is generally of higher prices. During the Track Record Period, we were able to pass almost all increases in the cost of vehicle glass to our corporate customers.

Individual customers

The amount of fees offered to our individual customers are determined on a case-by-case basis with reference to and are generally consistent with the fee levels offered to our corporate customers. Additional fees will be charged if our individual customers require our services urgently or require the services to be performed at a remote location. During the Track Record Period, we were able to pass almost all increases in the cost of vehicle glass to our individual customers.

Car owners under insurance policies

Prices are determined with reference to the cost of vehicle glass (which may vary with the brands and models of vehicle glass used), cost of other consumables as well as labour cost and overheads plus a certain mark-up on top of such costs. We are required to submit our offer price to the insurance companies for approval. The insurance companies will consider factors including the general market price offered in respect of the vehicle glass repairs and replacement services and the cost of vehicle glass to determine whether our proposed price is acceptable to them. We will negotiate with the insurance companies to agree on a final price to be charged for the vehicle glass repairs and replacement services which are acceptable to both of us in case our proposed offer price is not accepted by the insurance companies. The agreed price will then be the fees in respect of the vehicle glass repairs and replacement services provided to the insured individuals who have insurance policies maintained with such insurance companies. In case there is any significant increase in the cost of vehicle glass, we would discuss and reach mutual agreement with the insurance companies to have adjustment to the fees charged for the vehicle glass repairs and replacement services. During the Track Record Period, vehicle glass repairs and replacement services provided by us to the insured individuals were charged pursuant to the agreed price lists mutually agreed between us and the insurance companies unless the insured individuals require models and brands of vehicle glass not on the agreed price list under the relevant policies in which case the additional amount will be borne by the insured.

Settlement of insurance claims

We set forth below the procedures for settlement of insurance claims with insured individual who have maintained motor vehicle insurance policies with insurance companies which have entered into cooperation agreements with us.

Upon receiving request from an insured individual, we will first check whether such insured individual has reported the incident to its/his/her insurance company. In the event that the insured individual has not reported such incident to the insurance company, it/he/she would need to report such incident with the insurance company first.

We will then check its/his/her insurance policy to see whether the insurance company is on our list of insurance companies pursuant to which we have cooperation agreements with to provide the vehicle glass repairs and replacement service to the insured individuals of such insurance companies. We will also verify the personal particulars of such insured individuals including its/his/her identity card number, driver's licence and motor vehicle licence with the relevant insurance companies to ascertain such individuals are insured under the motor vehicle insurance maintained with such insurance companies. We will also check whether the insurance policy is still within the validity period and whether annual inspection has been passed in respect of the driver's licence or motor vehicle licence of the insured individual. We will also check and verify whether the photographs taken are not inconsistent with the facts and background information leading to such incident. We will then provide vehicle glass repairs and replacement services to such individual upon verification of the above procedures.

We will charge our fees pursuant to the price lists we have agreed with the relevant insurance companies we have entered into cooperation agreements with. In respect of request for vehicle glass for vehicles which are of some relatively new motor vehicle models and which may not be on the existing price list we maintained with such insurance companies, we will check with the insurance companies and the insured individual about the additional sum that should be paid by the insured for the vehicle glass repairs and replacement services. In determining the additional amount to be paid beyond the specified price in the price list, factors including the cost of the automobile glass and the availability of the brand and model of vehicle glass used will be taken into consideration to reach an agreement on the additional amount to be paid.

We will create a case file which will be submitted to our insurance settlement department. In preparing the case file, we will take photographs of the motor vehicle and record the vehicle information to be submitted to our insurance settlement department. Our insurance settlement department will then send the case file to the insurance companies to settle the relevant payment on a weekly basis. The insurance company will then settle the payment with us according to the terms and conditions of the arrangements.

Credit periods and payments

We generally grant to our corporate customers a credit period of 30 to 60 days from the invoice date based on factors such as their background, operational scale, financial conditions, business relationship with us and historical payment record. We also receive payments from the insurance companies for a period of up to 60 days from the date of submission of the case files. We generally do not offer credit term to our individual customers. Corporate customers and insurance companies normally settle the amount due by way of bank transfer or by cheque and the individual customers normally settle the payment in cash. We will review the credit terms of our existing customers on a regular basis.

Product return, replacement and warranty

We generally provide to our customers a warranty period of one month for individual and corporate customers and of one year for insurance customers. During the warranty period, we allow return of the damaged glass due to quality defects. During the Track Record Period, we did not pay compensation to our customers which was material to our business.

During the Track Record Period and up to the Latest Practicable Date, we had not received any material complaints or liability claims from our customers. We did not incur any material warranty expense or make any provision for such warranty expense.

Marketing and promotional activities

Our sales and marketing personnel are responsible for our marketing activities. We promote our services through different marketing channels, including (i) advertisements on the publications of relevant industry organisations; (ii) publication of latest news and information of our Group and our business on our website; (iii) setting up services hotlines to cater for customers' needs; and (iv) visiting customers, such as insurance companies and public transport operators, to explore potential business opportunities.

Seasonality

Our business volume may be affected by seasonality. Revenue fluctuations throughout the year are common in the vehicle glass repairs and replacement industry. We generally record a higher amount of revenue in the second and the third quarters in a year because of hot and rainy weather that would affect the durability of vehicle glass. Accordingly, our revenue usually experiences seasonable fluctuations.

OUR CUSTOMERS

Our major customers include:

— corporate customers including garages, car dealers, car rental companies, coach and bus companies, public service organisations and government departments;
— individual customers who are not insured under the motor vehicle insurance policies maintained with the insurance companies; and
— insurance companies pursuant to which we provide vehicle glass repairs and replacement services for the insured car owners.

The following table sets forth an analysis of our revenue based on the type of our customers during the Track Record Period:

	Year ended 31 December			
	2014		2015	
	HK$'000	*%*	*HK$'000*	*%*
Corporate customers (other than insurance companies)	22,669	53.3	23,598	51.5
Individual customers	16,789	39.5	18,603	40.5
Insurance companies	3,047	7.2	3,663	8.0
Total	42,505	100.0	45,864	100.0

Corporate customers

Corporate customers refer to customers including garages, car dealers, car rental companies, coach and bus companies, public service organisations and government departments which outsource to us the vehicle glass repairs and replacement works or outsource to us part of their routine maintenance works.

During the Track Record Period, we had not entered into any contracts with our corporate customers (other than insurance companies).

During the Track Record Period, we provided vehicle glass repairs and replacement services to 952 and 950 corporate customers, respectively. During the Track Record Period, revenue derived from corporate customers amounted to HK$22.7 million and HK$23.6 million, respectively.

Individual customers

Individual customers refer to those individual customers who are not insured under the motor vehicle insurance policies with insurance companies. During the Track Record Period, none of our individual customers entered into any contracts with us. The individual customers generally settle payment directly with us upon our provision of vehicle glass repairs and replacement services.

During the Track Record Period, the number of job orders for vehicle glass repairs and replacement services we provided to individual customers are 14,942 and 14,970, respectively. During the Track Record Period, revenue derived from individual customers amounted to HK$16.8 million and HK$18.6 million, respectively.

Insurance companies

During the Track Record Period, our customers also included insurance companies we have cooperation arrangement with pursuant to which we provided vehicle glass repairs and replacement services for insured individuals who have entered into motor vehicle insurance policies with such insurance companies. Under such cooperation arrangement, we provide vehicle glass repairs and replacement services for insured individuals who maintained valid motor vehicle insurance policies with such insurance companies.

During the Track Record Period, revenue derived from insurance companies amounted to HK$3.0 million and HK$3.7 million, respectively.

As of the Latest Practicable Date, we have entered into non-exclusive agreements with seven insurance companies for the insured car owners with insurance companies referring businesses to us as one of their preferred service providers.

The average fees charged for insurance companies for services rendered to insured individuals are generally higher than those for corporate customers and individual customers as the insurance companies will pay up to the policy defined limits and the individuals are less price sensitive. Since the service costs are relatively the same, the profit margin for insurance customers is relatively higher.

During the Track Record Period and up to the Latest Practicable Date, our business relationship with our customers has remained stable and we had not experienced any major turnover of our customers. As of the Latest Practicable Date, we have 1,159 corporate customers. As of the Latest Practicable Date, we had established business relationship with all of our five major customers for more than seven years, the longest of which being more than 10 years.

During the Track Record Period, the revenue generated from our largest customer amounted to HK$2.7 million and HK$2.9 million, representing 6.3% and 6.3%, respectively, of the total amount of our revenue. During the Track Record Period, the revenue generated from our five largest customers amounted to HK$5.8 million and HK$6.2 million, representing 13.7% and 13.6%, respectively, of the total amount of our revenue. During the Track Record Period and up to the Latest Practicable Date, none of our suppliers was also our major customers.

The table below sets forth certain information with respect to our five largest customers during the Track Record Period:

Year for which the customer was one of our five largest customers		Percentage of our total revenue during the Track Record Period (%)	Length of business relationship with us	Business scope	Principal business location(s)
Year ended 31 December 2015	Customer A	6.3	7 years	Insurance company	Hong Kong
	Customer B	4.4	Over 10 years	Public transport operator	Hong Kong and the PRC
	Customer C	1.0	Over 10 years	Car dealer	Hong Kong
	Customer D	1.0	Over 10 years	Public transport operator	Hong Kong and the PRC
	Customer E	0.9	Over 10 years	Car dealer	Hong Kong
	Total	13.6			
Year ended 31 December 2014	Customer A	6.3	7 years	Insurance company	Hong Kong
	Customer B	4.9	Over 10 years	Public transport operator	Hong Kong and the PRC
	Customer F	1.0	Over 10 years	Car dealer	Hong Kong
	Customer D	0.8	Over 10 years	Public transport operator	Hong Kong and the PRC
	Customer E	0.7	Over 10 years	Car dealer	Hong Kong
	Total	13.7			

To the best knowledge of our Directors, none of our Directors or their associates, or any Shareholders, who owns more than five per cent. of our Shares in issue, has any interest in any of our five largest customers during the Track Record Period and up to the Latest Practicable Date.

Arrangements with our customers which are insurance companies

We set forth below the major terms of the non-exclusive agreements entered into with the insurance companies, which are Independent Third Parties:

	Insurance company A	Insurance company B	Insurance company C	Insurance company D	Insurance company E	Insurance company F	Customer A
Term	Two years from 1 January 2016	One year from 1 August 2015	One year from 1 March 2016	One year from 1 March 2016	The agreement was entered on 1 May 2016 and will remain effective until terminated in accordance with the termination clause as described below	From 1 May 2016 to 30 April 2019	One year from 4 February 2009, with automatic renewal unless issues being raised at maturity.
Service provider (the "Service Provider")	Xinyi Automobile Glass (HK)	Xinyi Automobile Glass (HK)	Xinyi Automobile Glass (HK)	Xinyi Automobile Glass (HK)	Xinyi Automobile Glass (HK)	Xinyi Automobile Glass (HK)	Xinyi Automobile Glass (HK)
Service receiver (the "Service Receiver")	Insurance company A	Insurance company B	Insurance company C	Insurance company D	Insurance company E	Insurance company F	Customer A
Scope of Service	Replacement work of front windscreen for motor vehicles under valid motor vehicle insurance policies maintained by the insured car owners with the insurance company.	Replacement work of the front and/or rear windscreen for private motor vehicles under valid motor vehicle insurance policies maintained by the insured car owners with the insurance company.	Replacement work of the windscreen, side glass, rear window and/or roof panel for private motor vehicles under valid motor vehicle insurance policies maintained by the insured car owners with the insurance company.	Replacement work of the windscreen for private motor vehicles under valid motor vehicle insurance policies maintained by the insured car owners with the insurance company.	Replacement work of the windscreen for private motor vehicles under valid motor vehicle insurance policies maintained by the insured car owners with the insurance company.	Repair or replacement work of windscreen for private motor vehicles under valid motor vehicle insurance policies maintained by the insured car owners with the insurance company.	Replacement work of front windscreens for private cars under valid comprehensive motor policies maintained by the insured car owners with the insurance company.
Performance of service	If charges for any requested repair exceed the specified agreed amount, Service Provider shall obtain prior written consent from the customer that the customer will be responsible for any additional repair costs.	Service Provider shall provide the service to the insured party at location in Hong Kong as designated by the insured within 24 hours upon receipt of instruction from the Service Receiver.	If charges for any requested repair exceed the specified agreed amount, Service Provider shall obtain prior written consent from the customer that the customer will be responsible for any additional repair costs.	If charges for any requested replacement work exceed the specified agreed amount as stated in the contract, the Service Provider shall refer the case to the Service Receiver for prior approval.	If charges for any requested replacement work exceed the specified agreed amount as stated in the contract, the Service Provider shall refer the case to the Service Receiver for prior approval.	Service Provider shall make all attempts to repair instead of replacing a damaged screen unless (a) there is obvious crack or breakage which cannot be repaired or (b) the strength of the windscreen is reduced if it is repaired or (c) any repair attempted is not done to the satisfaction of the insured car owners, in which case the cost of the repair shall be borne by the Service Provider.	If charges for any requested replacement work exceed the specified agreed amount as stated in the contract, the Service Provider shall refer the case to the Service Receiver for prior approval.

Insurance company A	Insurance company B	Insurance company C	Insurance company D	Insurance company E	Insurance company F	Customer A
Replacement works shall be completed within three days if parts are not unavailable.	The same type and model of the widescreen shall be used to replace the damaged/broken windscreen.	Replacement works shall be completed within three days if parts are not unavailable.			Service Provider shall provide Service Receiver with completed claim forms, photos of damaged glass and relevant documents.	
Service Provider shall procure the insured party to sign the satisfactory discharge form prior to releasing the motor vehicle back to the insured.	The bill relating to the individual "windscreen services" and other associated services should not be more than the agreed price as stated in the contract.	Service Provider shall procure the insured party to sign the satisfactory discharge form prior to releasing the motor vehicle back to the insured.	Service Provider shall procure the insured party to sign the satisfactory discharge form prior to releasing the motor vehicle back to the insured.	Service Provider shall procure the insured party to sign the satisfactory discharge form prior to releasing the motor vehicle back to the insured.	Progress reports on performance of services shall be provided at the request of insurance company F.	

	Insurance company A	Insurance company B	Insurance company C	Insurance company D	Insurance company E	Insurance company F	Customer A
	Service Provider shall provide Service Receiver a monthly statement for each repair including details on customer name, date of loss or damage, vehicle number, vehicle make and model, photos showing the damaged part, completed and signed claim form of customer, and any optional documents such as vehicle registration document, identity card and driving licence. Monthly progress report shall be provided setting forth the repair works status.						
Fees	Specified price list for different types and brands of windscreen.	Specified price list for different types and brands of windscreen and/or rear window.	Specified price list for different brands of windscreen and individual quotation for replacement of side glass, rear window and roof panel.	Specified price list for different brands of windscreen.	Specified price list for different brands of windscreen.	Specified price list for different brands of windscreen.	Specified price list for different types and brands of windscreen.

	Insurance company A	Insurance company B	Insurance company C	Insurance company D	Insurance company E	Insurance company F	Customer A
Invoicing and Payment	Proper records shall be kept for all the jobs completed, which shall be within the agreed service scope. The records kept should specify details of the dates of repairs or replacement work, damaged parts, the kind of repairs or replacement work done, costs of repairs or replacements involved, photos showing the damaged windscreen, vehicle registration document and signed claim form. Monthly statement together with the records above shall be sent to the Service Receiver on the last day of each calendar month. The Service Receiver shall settle payment within one month for those parts of the statement that is not in dispute.	The Service Receiver shall be furnished with a satisfaction note signed by the insured car owners, photographs of the vehicle showing damaged windscreen, registration number plate, status of the motor vehicle after completion of the replacement works and repair invoice for settlement of the repair costs. The Service Provider shall be paid by the Service Receiver within 30 days after receipt of the monthly statement.	Service Provider shall provide Service Receiver an invoice after each repair including details on customer name, date of damage, vehicle number, vehicle make and model, photos showing the damaged condition. The Service Provider shall be paid by the Service Receiver within 30 days after receipt of the abovementioned documents.	Service Provider shall provide Service Receiver an invoice after each repair including details on customer name, date of damage, vehicle number, vehicle make and model, photos showing the damaged condition. The Service Provider shall be paid by the Service Receiver within 30 days after receipt of the abovementioned statement.	Service Provider shall provide Service Receiver an invoice after each repair including details on customer name, date of damage, vehicle number, vehicle make and model, photos showing the damaged condition. The Service Provider shall be paid by the Service Receiver within 30 days after receipt of the abovementioned statement.	Service Provider shall provide Service Receiver monthly records of repair and Service Receiver shall pay the Service Provider during the first week of each month.	—

	Insurance company A	Insurance company B	Insurance company C	Insurance company D	Insurance company E	Insurance company F	Customer A
Repair warranties	—	Service Provider will provide one-year repair warranty after completion of replacement work in respect of water leakage, seepage, defects and/or bad workmanship free of charge to the car owners.	Service Provider will provide one-year repair warranty after completion of replacement work in respect of water leakage, seepage, defects and/or bad workmanship free of charge to the car owners.	Service Provider will provide one-year repair warranty after completion of replacement work in respect of water leakage, seepage, defects and/or bad workmanship free of charge to the car owners.	Service Provider will provide one-year repair warranty after completion of replacement work in respect of water leakage, seepage, defects and/or bad workmanship free of charge to the car owners.	Service Provider will provide one-year repair warranty in respect of water leakage, seepage, defects and/or bad workmanship to the car owners.	Service Provider will provide one-year repair warranty after completion of replacement work.
Termination	Either party may terminate the agreement by giving the other party 90 days' prior notice in writing.	Either party may terminate the agreement by giving the other party 60 days' prior notice in writing.	Either party may terminate the agreement by giving the other party 60 days' prior notice in writing.	Either party may terminate the agreement by giving the other party 60 days' prior notice in writing.	Either party may terminate the agreement by giving the other party 90 days' prior notice in writing. Notwithstanding the above, either party may terminate the agreement at any time upon certain grounds, including but not limited to, if the other party becomes insolvent or commits any breach of the agreement or such breach was not remedied within 15 days.	Either party may terminate the agreement by giving the other party one-month notice. Notwithstanding the above, insurance company F may terminate the agreement immediately by giving notice in writing upon certain grounds, including but not limited to, if the Service Provider fails to carry out its material obligations within 30 days of receipt of written demand for performance or becomes insolvent.	Either party may terminate the agreement by giving the other party one month's prior notice in writing.
Applicable law	The laws of Hong Kong	The laws of Hong Kong	The laws of Hong Kong	The laws of Hong Kong	The laws of Hong Kong	The laws of Hong Kong	The laws of Hong Kong

OUR SERVICE CENTRES AND OUR MOTORCADE SERVICE TEAMS

Overview

During the Track Record Period, our revenue was generated from the provision of vehicle glass repairs and replacement services to our customers. The following table sets forth an analysis of our revenue breakdown by each service centre during the Track Record Period:

	Year ended 31 December			
	2014		2015	
	HK$'000	*%*	*HK$'000*	*%*
Location of our service centres				
Kam Tin, New Territories	20,645	48.6	22,034	48.0
Tsuen Wan, New Territories	6,323	14.9	7,474	16.3
Tokwawan, Kowloon	12,812	30.1	13,586	29.6
Quarry Bay, Hong Kong Island	2,725	6.4	2,770	6.1
Total	42,505	100.0	45,864	100.0

The above figures are inclusive of revenue rendered at our service centres and carried out by our motorcade service teams stationed at each service centre.

We provide vehicle glass repairs and replacement services to walk-in customers at our service centres. We had four service centres located in Kam Tin, Tsuen Wan, Tokwawan and Quarry Bay for the provision of such services as of the Latest Practicable Date. Further information on our service centres is set forth in the paragraphs under "Property interests" in this section.

We also provide vehicle glass repairs and replacement services to door-to-door customers by our motorcade service teams at locations as requested by such customers. As of the Latest Practicable Date, we had 19 motorcade service teams in Hong Kong for the provision of door-to-door services.

The following table sets forth an analysis of our revenue generated from the services provided at our service centres and by our motorcade service teams during the Track Record Period:

	Year ended 31 December			
	2014		2015	
	HK$'000	*%*	*HK$'000*	*%*
Services provided at service centres	10,839	25.5	11,882	25.9
Services provided by motorcade service teams	31,666	74.5	33,982	74.1
Total	42,505	100.0	45,864	100.0

Service capacity and utilisation rates

The table below sets forth our actual service provision volume, service capacity and utilisation rates during the Track Record Period:

	Maximum service capacity[1]		Actual service volume[2]		Utilisation rates[3]	
	Service centres	Motorcade service teams	Service centres	Motorcade service teams	Service centres	Motorcade service teams
	(Pieces of vehicle glass)	*(Pieces of vehicle glass)*	*(Pieces of vehicle glass)*	*(Pieces of vehicle glass)*	*(%)*	*(%)*
Year ended 31 December 2014	20,851	51,549	10,715	33,100	51.4	64.2
Year ended 31 December 2015	20,869	51,609	10,869	32,592	52.1	63.2

Notes:

(1) The maximum service capacity is calculated with reference to (i) for services provided at our service centres, the number of parking spaces, the operation hours of service centres, the average time required for the provision of the services by the technicians in the service centres and (ii) for services provided by our motorcade service teams, the number of cars in service, the operation hours of the motorcade service teams, the average time required for the provision of the services by the motorcade service teams. Our maximum service capacity as set forth in the above table is based on the assumption that we would have sufficient number of staff and hence, it may not truly reflect our service capacity in our business operations.

(2) The actual service volume refers to the actual number of pieces of vehicle glass installed by us during the Track Record Period.

(3) The utilisation rates are based on the actual service volume compared to the maximum service capacity during the Track Record Period.

As shown in the table above, the maximum service capacity for our service centres is relatively stable during the Track Record Period.

The above information is an estimate of the service capacity by our Directors based on certain assumptions on the number of hours required and the average number of working hours of our workforce during the Track Record Period. As the time required by each service request may vary, the above information, including the utilisation rates, may not represent the actual utilisation level of our workforce at any particular point of time during the Track Record Period.

PROCUREMENT

The principal materials used in our provision of vehicle glass repairs and replacement services include vehicle glass, glass rubber strips and glass glue, etc.

Vehicle glass

We procure aftermarket vehicle glass and OEM vehicle glass for use in the provision of our vehicle glass repairs and replacement services. The prices of OEM vehicle glass are generally higher than that of aftermarket vehicle glass because OEM vehicle glass carries the brand of the automobile

manufacturers. For both aftermarket vehicle glass and the OEM vehicle glass, the fees for our services provided are charged at similar percentage of the cost of the vehicle glass selected by our customers plus service cost. We generally offer one month warranty to our individual and corporate customers and one year warranty to our insurance customers irrespective of the brands vehicle glass.

We procure laminated glass and tempered glass, the two main types of vehicle glass, categorised by glass features, for use in our vehicle glass repairs and replacement services.

— *Laminated glass*, laminated glass comprised two or more layers of float glass with PVB interlayers bonded in between. The PVB layers can help prevent objects striking the glass from penetrating the glass thereby preventing shattering of glass into sharp pieces. Laminated glass is generally used in vehicle windscreen.
— *Tempered glass*, tempered glass is characterised by its strength, which is produced by heating float glass to softening point and rapidly cooling the surface. When being struck by an object, tempered glass only breaks into small pieces without forming sharp edges, which can reduce the level of injury made to the passengers. Tempered glass is generally used in side and rear windows of vehicles.

We also procure a wide range of functional vehicle glass, which is set forth as follows:

— *Wire heated glass,* which embeds heating fine wires in the PVB interlayer of laminated glass and has defogging and defrosting functions.
— *Hydrophobic glass*, which improves visibility in humid weather due to its high water repellency and durability.
— *UV-cut glass,* which protects car interiors from deterioration and passengers from sunburn as it reduces UV rays from entering the vehicle.
— *IR-cut glass*, has a special film coating on the inner surfaces of laminated glass, which can reflect infrared rays and control heat transfer through glass, thereby increasing passenger comfort and improving fuel efficiency by reducing the need for air-conditioning.

During the Track Record Period, costs of inventories sold amounted to HK$10.3 million and HK$11.0 million, representing 40.2% and 38.6%, respectively, of our total cost of revenue during the same period. During the Track Record Period, vehicle glass was sourced from suppliers in the PRC, Japan and Hong Kong. The table below sets forth an analysis of our cost of revenue as a percentage of total cost of revenue for the Track Record Period:

	Year ended 31 December			
	2014		2015	
	HK$'000	*% to total cost of revenue*	*HK$'000*	*% to total cost of revenue*
Cost of inventories sold	10,340	40.2	10,950	38.6
Write-off of inventories	148	0.6	274	1.0
Labour cost	10,168	39.5	11,384	40.1
Overheads	2,618	10.2	2,662	9.4
Rent and rates	2,445	9.5	3,087	10.9
Total	25,719	100.0	28,357	100.0

Procurement policy and maintenance of optimal inventory level

Since December 2015, we have implemented a procurement policy in order to maintain our inventory at an optimal level. Our procurement team is headed by Mr. SHI Chit Yuk, who has been working for Xinyi Automobile Glass (HK) for over 19 years. Mr. SHI is also our Chief Executive Officer and is responsible for overseeing our daily management.

Pursuant to our inventory procurement policy, for those vehicle glass which has a higher turnover (such as the windscreen and the side glass for certain popular vehicle types), we generally monitor the level of our inventory on a weekly basis to ensure that the inventory is maintained at the appropriate level, i.e. the estimated consumption level for two months' time, which is the average delivery lead time by our suppliers. For those vehicle glass which have a relatively lower turnover volume (such as rear window glass), the inventory level is set at a lower level where the procurement of such items will only be replenished after each use of the existing inventory.

In monitoring the inventory level, our shop managers will keep track of the monthly inventory level and conduct ageing analysis to counter any shortfall in inventory level. Any shortfall in inventory level will be reported to Mr. SHI, who leads the procurement team. Mr. SHI will then consider making necessary arrangements with suppliers. For new vehicle glass which do not have a reliable track record, we will make an estimate for its appropriate inventory level based on the market conditions, and will make necessary adjustment according to the change in market conditions. Regular monthly inventory management meetings will be convened by Mr. SHI to review the inventory level and monitor whether there is due execution of the inventory policy and the inventory movement of that month so as to formulate the future procurement policy. Mr. SHI is responsible for monitoring the inventory level to ensure it is maintained at a reasonable level.

OUR SUPPLIERS

Our suppliers are manufacturers or distributors of vehicle glass, glass rubber strips and glass glue and are located in countries/regions such as the PRC, Japan and Hong Kong. We select our suppliers based on a stringent set of criteria, including product quality, price, production capacity, experience, industry qualifications and certifications, market credibility and aftersales services. We carry out regular on-site inspection and assessment on some of our major suppliers including factory visits, assessment of their production facilities and production machinery, reviews of record keeping and management system and interviews with managements to ensure the potential suppliers meet our standards. The suppliers will become our qualified suppliers if they have met our selection criteria. We generally maintain a list of qualified suppliers by conducting annual evaluations to identify and remove suppliers that may not meet our standards. We also conduct periodic assessment with our suppliers to ensure their compliance with our quality standards.

As of the Latest Practicable Date, with the exception of our business relationships with Xinyi Glass (Hong Kong) since December 2014, and suppliers A, B and D with which we had established trading relationships only since June 2015, June 2015 and January 2014, respectively, we had

established business relationships with all of our five largest suppliers for more than four years. The table below sets forth certain information on our five largest suppliers during the Track Record Period.

Year for which the supplier was one of our five largest suppliers		Percentage to the total amount of our purchase during the Track Record Period (%)	Length of business relationship with us	Business scope	Principal business location
Year ended 31 December 2015	Xinyi International and Xinyi Glass (Hong Kong)[1]	44.9	Over 10 years for Xinyi International and over 1 year for Xinyi Glass (Hong Kong)	Distributor of glass	Hong Kong
	Supplier A	15.2	1 year	Manufacturer of vehicle glass and parts	PRC
	Supplier B	8.5	1 year	Manufacturer of vehicle glass and parts	PRC
	Supplier C	6.9	7 years	Distributor of glass glue and other chemicals	Japan
	Supplier D	4.3	2 years	Distributor of vehicle glass and parts	Hong Kong
	Total	79.8			
Year ended 31 December 2014	Xinyi International and Xinyi Glass (Hong Kong)[1]	73.5	Over 10 years for Xinyi International and over 1 year for Xinyi Glass (Hong Kong)	Distributor of glass	Hong Kong
	Supplier C	6.3	7 years	Distributor of glass glue and other chemicals	Japan
	Supplier E	3.6	5 years	Distributor of vehicle glass and parts	Hong Kong
	Supplier F	3.5	4 years	Distributor of vehicle glass and parts	Hong Kong
	Supplier G	2.7	7 years	Wholesaler of stationaries	Hong Kong
	Total	89.6			

Note:

(1) Xinyi International and Xinyi Glass (Hong Kong) are our connected persons.

We enter into long-term supply contracts with our suppliers to specify the general arrangements. Under the long-term supply contracts, we cooperate with our suppliers on a non-exclusive basis. The purchase quantity and purchase price are not specified in the long-term supply contracts, which is only determined at the time the placing of the individual purchase order with our suppliers. The credit term generally is within 30 days from the month end of the invoice date. We will arrange, at our cost, for delivery of vehicle glass and other consumables from our suppliers to our warehouse in Hong Kong for certain of our suppliers. The cost of delivery to our warehouse in Hong Kong is borne by our suppliers in some cases. Our suppliers shall provide compensation to our loss for defective material attributable to our suppliers. We are entitled to terminate the agreement if the suppliers are in breach of the terms and conditions of the supply contracts and purchase orders.

Our largest supplier — Xinyi Glass Group

Before the Listing, we purchased most vehicle glass from the Xinyi Glass Group. Xinyi Glass is a company listed on the Main Board (stock code: 00868), and the Xinyi Glass Group is engaged in the production and sales of a wide range of glass products, including automobile glass, energy-saving construction glass, high quality float glass and other glass products for different commercial and industrial applications. These glass products are manufactured at the production facilities situated at Shenzhen, Dongguan and Jiangmen, Guangdong Province; Wuhu, Anhui Province; Tianjin; Yingkou, Liaoning Province and Deyang, Sichuan Province of the PRC. The glass products manufactured by the Xinyi Glass Group are sold to customers in around 130 countries and territories, including the PRC, Hong Kong, the United States of America, Canada, Australia, New Zealand and countries in the Middle East, Europe, Africa, and Central and South America. As the Xinyi Glass Group is a leading replacement vehicle glass manufacturer in terms of production volume in China, our Directors consider that the vehicle glass produced by the Xinyi Glass Group can satisfy our specifications and quality requirements.

Our Directors consider that it would be in the interest of our Company to continue to purchase vehicle glass from the Remaining Group following the Listing. During the Track Record Period, our purchase of vehicle glass from the Xinyi Glass Group, including Xinyi International and Xinyi Glass (Hong Kong), accounted for 73.5% and 44.9% of the total amount of our purchase, respectively.

As of the Latest Practicable Date, we have entered into the Glass Supply Agreement with the Remaining Group, which governs the detailed terms and conditions of the purchase of vehicle glass from the Remaining Group. Further information on the terms and conditions of the Glass Supply Agreement is set forth in the paragraphs under "Major contractual terms with our suppliers" below. Purchase of vehicle glass from the Remaining Group will constitute continuing connected transactions. Further information is set forth in the section headed "Continuing Connected Transactions" in this prospectus.

Nonetheless, driven by our overall strategy to become an independently operated business, we plan to reduce the proportion of purchase from the Remaining Group. During the Track Record Period, we purchased vehicle glass from 16 suppliers which are Independent Third Parties at prices comparable to those purchased from the Remaining Group. Our Directors expect that the amount of purchase of vehicle glass from the Remaining Group would not exceed 40% of the total amount of purchase for each of the three years ending 31 December 2018. We do not and will not rely on the Remaining Group for the supply of vehicle glass with unique specifications or technology. The vehicle glass of similar specifications can be purchased from Independent Third Parties. According to the *Ipsos Report*, excluding the Remaining Group, there are over 110 vehicle glass suppliers in the PRC and Hong Kong market. Our Directors are of the view, and Ipsos concurs, that there are sufficient number of suppliers in the market which can supply us vehicle glass products with similar specifications, quality and quantity at comparable prices and in a timely manner. This is probably due to the large number of vehicle glass suppliers and the low cost of changing suppliers and the quality standards generally used by different suppliers. On this basis, our Directors confirm that the decreasing proportion of purchase from the Remaining Group would have no adverse impact on our business performance following the Listing.

Major contractual terms with our suppliers

Save for Xinyi International and Xinyi Glass (Hong Kong), all other suppliers are Independent Third Parties. We enter into long-term and legally binding supply agreements with the Remaining Group and three other suppliers being Supplier A, Supplier B and Supplier H, which are Independent Third Parties. We set forth below a summary of the principal terms of these long-term supply agreements:

	Remaining Group	Supplier A[(1)]	Supplier H[(2)]	Supplier B[(3)]
Background information on the independent and approved supplier:	A leading aftermarket vehicle glass manufacturer in terms of production volume in China and a company listed on the Main Board (stock code: 00868), which is our connected person.	A vehicle glass manufacturer in Heshan, Guangdong Province, the PRC and an Independent Third Party.	A vehicle glass manufacturer in Xiamen, Fujian Province, the PRC and an Independent Third Party.	A vehicle glass manufacturer in Foshan, Guangdong Province, the PRC and an Independent Third Party.
Date:	14 December 2015	10 June 2015	10 June 2015	5 June 2015
Product specifications:	Vehicle glass with such specifications from time to time requested by Xinyi Automobile Glass (HK) with the quality complying with the ECE (Economic Commission for Europe), DOT (US Department of Transport) and CCC (China Compulsory Certification) for use in Hong Kong.			
Contract term:	From 1 January 2016 to 31 December 2018	From 2 June 2016 to 1 June 2017	From 9 June 2015 to 9 June 2017.	From 29 May 2015 to 1 June 2017.
Pricing and payment terms:	The prices of the vehicle glass products are *ex-factory* prices excluding delivery and logistics which shall be borne by Xinyi Automobile Glass (HK). The prices shall be payable as set forth in "Delivery and logistics arrangements" below.		Free-on-board pricing with (a) 30.0% payable before loading of the vehicle glass products; and (b) the remaining balance before taking delivery of the vehicle glass products with the bill of lading.	The prices of the vehicle glass products are *ex-factory* prices excluding delivery and logistics which shall be borne by Xinyi Automobile Glass (HK). The prices shall be payable as set forth in "Delivery and logistics arrangements" below.
Basis of price determination:	The prices of vehicle glass are determined with reference to the then prevailing market prices and subject to negotiations by the parties on an arm's length basis. In line with industry practice, prices are agreed with our suppliers on a case-by-case basis before confirming the individual purchase orders.			

Notes:

(1) Supplier A was one of our five largest suppliers for the year ended 31 December 2015.

(2) Supplier H was not one of our five largest suppliers during the Track Record Period.

(3) Supplier B was one of our five largest suppliers for the year ended 31 December 2015.

	Remaining Group	Supplier A[1]	Supplier H[2]	Supplier B[3]
Estimated amount of annual purchase:	There is no minimum purchase amount stipulated in the Glass Supply Agreement. The maximum purchase amounts stipulated in the Glass Supply Agreement correspond to the amount of annual caps for our continuing connected transaction on purchase of vehicle glass from the Xinyi Glass Group.	US$280,000 (equivalent to HK$2.2 million) per annum, but it is not a minimum or maximum amount of purchase under the contract.		US$250,000 (equivalent to HK$1.9 million) per annum, but it is not a minimum or maximum amount of purchase under the contract.
Delivery and logistics arrangements:	Cash upon (a) acceptance of delivery to the designated warehouses of Xinyi Automobile Glass (HK) and (b) confirmation that the ordered quantity of the vehicle glass products is not damaged in transit and are in compliance with the relevant quality certifications.	A deposit of 30.0% shall be payable on placing the purchase order with the remaining balance to be settled upon (a) acceptance of delivery to the designated warehouses of Xinyi Automobile Glass (HK) and (b) confirmation that the ordered quantity of the vehicle glass products are not damaged in transit and are in compliance with the relevant quality certifications.	The supplier shall be responsible for all shipment and loading costs and export procedures for the vehicle glass products up to Xiamen Port, being the loading port of the vehicle glass products. Xinyi Automobile Glass (HK) shall be responsible for arranging for the shipment and insurance and the custom procedures at the port of discharge.	Cash upon (a) acceptance of delivery to the designated warehouses of Xinyi Automobile Glass (HK) and (b) confirmation that the ordered quantity of the vehicle glass products is not damaged in transit and are in compliance with the relevant quality certifications.
Exclusivity:	Non-exclusive. Xinyi Automobile Glass (HK) may source vehicle glass from other suppliers.			
Renewal of the contract term:	Both parties may negotiate in good faith any renewal after the expiration of the initial contract term.			
Other terms and conditions:	The supplier shall confirm promptly the availability and the delivery date of the vehicle glass products ordered by Xinyi Automobile Glass (HK). Xinyi Automobile Glass (HK) may terminate the contract if the supplier ceases to carry on its business, the supplier fails to deliver the required vehicle glass products on time, the prices are substantially higher than the then prevailing market prices or the quality of the vehicle glass products do not meet the required quality certifications or standards. The supplier may terminate the contract if Xinyi Automobile Glass (HK) fails to settle the purchase price on time or otherwise ceases to carry on its business. Both parties may terminate the contract with three months' written notice with no cause.			
Governing law:	The laws of Hong Kong.	The laws of the PRC.	The laws of the PRC.	The laws of the PRC.

There are many aftermarket vehicle glass suppliers in the PRC that we may source vehicle glass and other consumables. During the Track Record Period and up to the Latest Practicable Date, we had not encountered any significant shortage or delay in the supply of vehicle glass and other consumables. We maintain multiple sources for supply of vehicle glass and other consumables to ensure that any quality or delivery issue with any individual supplier will not cause a significant adverse impact on our business. Our Directors confirm that no issue regarding the legality of the source of supply of vehicle glass and other consumables had arisen during the Track Record Period and up to the Latest Practicable Date. We closely monitor the potential impact of price fluctuation of vehicle glass and other consumables. We try to pass or partially pass the increase in the costs of vehicle glass to our customers with prices determined on a cost-plus pricing basis. We believe the effect of fluctuations in the costs of vehicle glass and other consumables on us is controllable. In the event that we expect there may be market fluctuation in the costs of vehicle glass and other consumables, we will liaise with our customers for any potential increase in costs.

Our five largest suppliers include manufacturers or distributors of vehicle glass, glass rubber strips and glass glue. During the Track Record Period, purchase from our largest supplier, being the Xinyi Glass Group, amounted to HK$7.7 million and HK$5.5 million, representing 73.5% and 44.9%, respectively, of the total amount of our purchase. During the same periods, purchase from our five largest suppliers accounted for 89.6% and 79.8% of the total amount of our purchase, respectively.

To the best knowledge of our Directors, save for Xinyi International and Xinyi Glass (Hong Kong), none of our Directors or their associates, or any Shareholders, who owns more than five per cent. of our issued share capital, has any interest in any of our five largest suppliers during the Track Record Period and up to the Latest Practicable Date.

INVENTORIES

We maintain inventories for vehicle glass and other consumables which we use in our vehicle glass repairs and replacement services, including laminated glass, tempered glass, glass rubber strips and glass glue. We review the inventory level from time to time and in the event that the storage of certain kinds of materials falls below a particular level, we will make relevant replenishment. We carry out inventory review and make provision for any slow-moving or obsolete inventory items. Impairment loss is recognised to cover damaged vehicle glass and obsolete inventory items due to changes in car models. Our impairment loss on inventories during the Track Record Period amounted to HK$0.1 million and HK$0.3 million, respectively.

As of 31 December 2014 and 2015, the closing balance of our inventories amounted to HK$7.6 million and HK$9.2 million, respectively, which represented 11.3% and 11.7% of our total assets as of the respective dates. Our inventory turnover days during the Track Record Period were 108.0 days and 108.0 days, respectively. Our inventories aged within 12 months accounted for 49.6% and 55.4% of the total inventory balance as of 31 December 2014 and 2015, respectively. Some of our inventories of vehicle glass have more than five years' ageing. Vehicle glass has long useful lives, and our Directors believe that changes in car models would not result in a significant level of style obsolescence of the vehicle glass as the service life of vehicles is generally of more than 10 years and that the vehicle glass is generally one of the key items that require periodic repairs and replacement during the service life of vehicles.

QUALITY MANAGEMENT

We have established a strict quality management system. Our quality management measures may be broadly divided into two stages: (i) the inspection of the vehicle glass and other consumables supplied by our suppliers and (ii) the inspection of the installed vehicle glass for each service request. Our quality management team comprises shop managers of our four service centres to monitor and ensure the incoming vehicle glass and other consumables can meet with the specifications and requirements. We conduct sampling check and inspection of our incoming vehicle glass and other consumables pursuant to our quality control guidelines and the quality standard required by our customers before they are used in our installation or replacement. We arrange for exchange or return for the defective materials.

For the services rendered, we implement quality control measures by after-service inspection by our senior technicians. We provide technical training to our technicians and will make sure that junior technicians are supervised by the more experienced and senior technicians in provision the vehicle glass repairs and replacement services.

INTELLECTUAL PROPERTY RIGHTS

Our intellectual property

During the Track Record Period and up to the Latest Practicable Date, we were not involved in any material intellectual property rights dispute, infringement claims or litigation. As of the Latest Practicable Date, we had registered one domain name in Hong Kong.

Following the Listing, our Company will not use any trademark of the Remaining Group. Our Directors do not consider that the discontinued use of the trademark of the Remaining Group would have any material adverse impact on our long-term business development. Our business development primarily depends on the quality of our services and the variety of vehicle glass that we may offer at reasonable amount of fees. Most of our corporate customers require high quality and reliable services provided by us, rather than the artistic impression of the logo or trademark being used by us. Most of our individual customers use our services because of the quality of the services or that we have a variety of vehicle glass inventories for different types of motor vehicles.

We have ceased using the trademark of the Remaining Group and have launched a new logo in the middle of March 2016. Our Directors are not aware of any adverse impact on our business development as a result of using the new logo. All our newly printed promotional materials include the new logo, and all of our service centres and motorcade teams are using the new logo as part of the new corporate identity of our Group. Our Directors consider that it would be in our interest to have our own business logo.

We are in the process of registering our new logo as a trademark in Hong Kong. Further information on our intellectual property rights is set forth in the section headed "C. Further Information about our Business — 2. Material intellectual property rights of our Group" in Appendix IV to this prospectus.

Protection of third party intellectual property

During the Track Record Period and as of the Latest Practicable Date, to the best of our knowledge, there had been no third party intellectual property claims against us, neither had we been involved in any legal proceedings concerning infringement on any third parties' intellectual property rights.

AWARDS AND RECOGNITION

We have not been awarded any honour and award during the course of our business. Our Directors do not consider that honour or award is important to our business as our customers would consider the quality of our services as well as whether we can provide the requested services promptly at reasonable price.

INSURANCE COVERAGE

We believe our insurance policies are in line with the industry practice. We maintain risk insurance policies covering losses arising from risks including fire, casualty, health and other risks associated with our business operations. We maintain accident liability insurance policies covering vehicles, and certain insurance policies for our employees.

We believe that our insurance coverage is adequate with respect to our business operations. During the Track Record Period and up to the Latest Practicable Date, we had not made any significant claims under these insurance policies.

HEALTH AND WORK SAFETY

We are subject to the Hong Kong laws and regulations regarding labour, safety and workplace incidents. We have implemented our internal safety manual, among other policies, to establish operating procedures for work safety, accident handling, accident rescue and safety training.

Work safety measures are adopted to protect our employees during the course of work. We provide our employees with safety manual, new employee training, regulation education and require supervision by our Directors and senior management.

Our Chief Executive Officer is responsible for daily implementation of our work safety measures and the compliance record keeping. We provide safety protection to our employees working in our service centres, which include providing them with adequate safety equipment and ensuring that our service centres facilities have adequate precautionary measures.

When there is an accident or emergency, immediate report to our administrative department and appropriate responsive actions are required. The department supervisor involved in the accident shall prepare report on accident, specifying the cause, injuries, loss and actions to be taken. Our Chief Executive Officer then informs the relevant authorities about the workplace injuries. During the Track Record Period and up to the Latest Practicable Date, we did not experience any workplace injuries which was material to our business.

ENVIRONMENTAL PROTECTION

Due to the nature of our business, our operation does not generate any hazards or pollution to the environment. During the Track Record Period and up to the Latest Practicable Date, we had complied with the applicable laws and regulations relating to environmental protection and had not been subject to any penalties or fines by the competent authority for any non-compliance with the relevant environmental protection laws and regulations. Our Directors confirm that we did not experience any incident or complaint or claim relating to environmental hazard which had a material impact on us during the Track Record Period and up to the Latest Practicable Date.

During the Track Record Period, we did not incur significant expenses in relation to the compliance with the applicable environmental laws, rules and regulations.

OUR EMPLOYEES

We had 42, 42 and 49 employees (including our two executive Directors) as of 31 December 2014 and 2015 and the Latest Practicable Date, respectively. During the Track Record Period, our staff costs were HK$14.6 million and HK$16.7 million, respectively.

The table below sets forth the aggregate number of employees (including our two executive Directors) categorised by function of each category of our total employees as of the Latest Practicable Date:

	Number of employees
Installation/repair services and quality control	36
Sales and marketing and procurement	6
Customer service	3
Administration and human resources	2
Finance	2
Total	49

We recruit employees based on our position vacancies and recruit through open job markets. We provide our employees with on-the-job training on a quarterly basis and on an as-needed basis. We also provide them with training programme as soon as they commence work with us, including workplace safety, products, operation manual, production process and rules of conduct.

We enter into individual employment agreements with our employees, specifying terms including, among other things, salaries, benefits, training, workplace safety, confidentiality obligations relating to trade secrets, non-competition and grounds for termination. The remuneration package of our employees includes salaries, bonuses, paid leave, and allowances. Our employees also receive welfare benefits including medical care and mandatory provident funds required by Hong Kong laws and regulations.

During the Track Record Period, we had made contributions to the mandatory provident fund scheme and medical benefits plans for our employees.

PROPERTY INTERESTS

As of the Latest Practicable Date, we leased the following properties in Hong Kong as our service centres, offices and warehouse:

Location	Leased area	Monthly rental	Lease term
DD109 Lot 466(4), Tai Ma Road, Kam Tin, Yuen Long, New Territories, Hong Kong	10,000 sq.ft.	HK$28,000	From 8 December 2015 to 7 December 2018
Shop No. 5, Ground Floor, Kam Tong Building, 18 Mok Cheong Street, Tokwawan, Kowloon, Hong Kong	845 sq.ft.(1)	HK$60,000(2)	From 1 April 2016 to 30 June 2018(3)
Shop No. 6, Ground Floor, Kam Tong Building, 20 Mok Cheong Street, Tokwawan, Kowloon, Hong Kong (4)	845 sq.ft. (5)	HK$38,000	From 1 December 2015 to 30 November 2018
Shop No. 8, Ground Floor, Kam Tong Building, 24 Mok Cheong Street, Tokwawan, Kowloon, Hong Kong	845 sq.ft.	HK$47,000	From 16 June 2016 to 30 June 2020
Shop No. 11, Ground Floor, 176 Sha Tsui Road, Tsuen Wan, New Territories, Hong Kong	1,000 sq.ft.	HK$42,000	From 10 January 2014 to 9 January 2017
Shop J, Ground Floor, Oceanic Building, 30 Finnie Street, Quarry Bay, Hong Kong	200 sq.ft.	HK$26,630	From 1 May 2015 to 30 April 2017
DD102, Lots 545 (part), 546, 554RP (part), 555, 556, 557, 558 (part), 559 and 564, Tsing Lung Tsuen, San Tin, Yuen Long, New Territories, Hong Kong, i.e. San Tin Land	37,521 sq.ft.	HK$187,604	From 15 October 2015 to 14 October 2017(6)

Notes:

(1) This leased area does not include the cockloft within the shop No. 5 premises with an area of 845 sq.ft., which will be demolished by the middle of July 2016. The shop No. 5 premises will be closed for two weeks for the demolition works, during which we would use our motorcade teams to continue to provide the services to our customers.

(2) The landlord of shop No. 5 premises has granted us a rent free period of three months from 1 April 2016 to 30 June 2016 due to the reason set forth in note (3) below. The monthly rental will be HK$60,000 starting from 1 July 2016. Our Directors confirm, as supported by the views of Asset Appraisal Limited, that the amount of rental for the shop No. 5 premises is higher than the market rates for similar premises in the area. The landlord of the premises insists such amount of rental, and we believe that it would be difficult for us to identify similar premises in Tokwawan, i.e. shop Nos. 5 and 6, with the combined floor area of the two premises and can be used as our service centre. On this basis, we have agreed to continue to lease the shop No. 5 premises at the monthly rental of HK$60,000.

(3) On 16 February 2016, we renewed the lease of shop No. 5 premises with a lease term of 27 months commencing from 1 April 2016 at a monthly rental of HK$60,000 on the condition that the unauthorised cockloft will be demolished and the demolition cost will be reimbursed by the landlord. The estimated cost of demolition for the cockloft within shop No. 5 premises would be approximately HK$60,000 and would be reimbursed by the landlord as part of a three-month rent free period as granted by the landlord.

(4) The lease of shop No. 6 premises, which is jointly owned by Mr. LEE Shing Kan and Mr. TUNG Fong Ngai, constitutes a continuing connected transaction for our Company, further information of which is set forth in the section headed "Continuing Connected Transaction" in this prospectus.

(5) This leased area does not include the cockloft within the shop No. 6 premises which will be demolished by the middle of July 2016. The shop No. 6 premises will be closed for two weeks for the demolition works, during which we would use our motorcade teams to continue to provide the services to our customers. The estimated cost of the demolition works within shop No. 6 premises would be HK$60,000 to be settled by the landlords.

(6) The lease from 15 October 2015 to 14 October 2016 is non-cancellable and the lease from 15 October 2017 is cancellable with one-month notice.

Service centres

Save as the shop No. 6 premises in Tokwawan, all of the above properties are leased from Independent Third Parties.

In respect of our leased premises for our Tokwawan service centre, the cocklofts erected within the shop Nos. 5 and 6 premises are unauthorised building works. Our Directors confirm that the unauthorised cocklofts have been in existence before we leased the two shop premises in about 10 years ago. The cocklofts have been used by us for storage purpose. Our Directors confirm that they are not aware of any demolition order issued by the Buildings Department on the cocklofts. If the cocklofts are demolished, we will have less storage space within our Tokwawan service centre. Further information on the risk relating to the unauthorised building works in the shop is set forth in the section headed "Risk Factors — Risks relating to our business — The unauthorised building works in our leased premises might cause disruption to our business" in this prospectus.

On 16 February 2016, we renewed the lease of shop No. 5 premises with a lease term of 27 months commencing from 1 April 2016 at a monthly rental of HK$60,000 on the condition that the unauthorised cockloft will be demolished and the demolition cost will be reimbursed by the landlord. The estimated cost of demolition for the cockloft within shop No. 5 premises would be approximately HK$60,000 and would be reimbursed by the landlord as part of a three-month rent free period as granted by the landlord. The cockloft at shop No.6 premises will be demolished by the landlords at their own cost. One of the landlords is Mr. LEE Shing Kan, our non-executive Director. According to the information provided by the landlords, the estimated cost of demolition of the cocklofts within shops Nos. 5 and 6 premises is approximately HK$120,000. Our Directors estimate that most of the demolition works could be completed by the middle of July 2016. As of the Latest Practicable Date, the demolition works were in progress and there was no material delay of the completion date of the demolition works. The vehicle glass stored at the cocklofts will be transferred to shop No. 8 which is close to the shop Nos. 5 and 6 premises. Our Directors estimate that the transfer cost to the new shop premises would be minimal of not more than HK$10,000 as the transfer could be performed by us.

Our Directors also believe that each of the shop Nos. 5 and 6 premises will need to be closed for two weeks for the demolition works, during which we would use our motorcade teams to continue to provide the services to our customers. Our service centre in Tsuen Wan can also provide the services to our customers. On this basis, our Directors believe that the revenue loss arising from the temporary closure would not be more than HK$100,000. Our Directors do not expect that the demolition works would adversely affect our business as (a) we will use the vehicle glass transferred from other service

centres or our warehouse from time to time; (b) we generate a majority of our revenue during the Track Record Period from our motorcade teams; and (c) the loss of revenue in 2016 resulting from the demolition works would be compensated by the expected increase in revenue following the expansion of our service centre in Tokwawan during the first half of 2016.

Warehouse

We also own the Yuen Long Land with an aggregate gross land area of 29,084 sq.ft. We purchased the Yuen Long Land on 23 April 2013, and it was used by us as our warehouse for unpacking and inspecting the vehicle glass and other consumables before delivering to our other service centres. Therefore, there has been no revenue generated from the business operation on the Yuen Long Land. According to the relevant Outline Zoning Plan for the Yuen Long Land issued by the Town Planning Board, the permitted usage of the Yuen Long Land is for agricultural purpose. The Yuen Long Land does not fall within the land-use zoning of open-storage.

On 10 July 2014, we received a letter from the Planning Department that our usage of the Yuen Long Land as warehouse constituted unauthorised development under the Town Planning Ordinance. On 5 August 2014, we received a notice (the "**Notice**") issued by the Planning Department pursuant to section 23(1) of the Town Planning Ordinance, demanding us to discontinue the unauthorised development. On 28 August 2014, we made an application for permission for the Yuen Long Land to be used as temporary vehicle glass repairs and replacement service depot for a period of three years, which was rejected by the Rural and New Town Planning Committee on 22 October 2014. After receiving the reject decision in October 2014, we continued to seek advices from a consultant on a proposed change in the permitted usage of the Yuen Long Land as our Directors were aware that other parcels of land in the area have been used for open-storage or other non-agricultural purposes. Our Directors therefore believed that there might be a possibility to obtain a temporary permit for the Yuen Long Land to be used for open-storage purpose. This process included the discussion with the consultant, collection of evidence to support a possible request for review or appeal against the reject decision, discussion with the users of the adjacent land and the preparation of the supporting documents for a proposed submission of another application for change of the permitted usage of the Yuen Long Land. Despite all these efforts, and having considered the opinion from the consultant that there is a small chance of success in obtaining a temporary permit for the Yuen Long Land, our Directors decided not to proceed with such appeal or application.

In September 2015, Xinyi Automobile Glass (HK) received a summons dated 5 September 2015 on the contravention of section 23(1) of the Town Planning Ordinance due to our failure to discontinue the unauthorised development before 5 November 2014 as demanded in the Notice. A fine of HK$80,000 was imposed on and paid by Xinyi Automobile Glass (HK) on 5 November 2015. As advised by Jim & Co., Solicitors, the fine of HK$80,000 imposed on us shall be final and conclusive.

In March 2015, we started identifying the appropriate land for the warehouse purpose. Following completion of the negotiation process and verification of the permitted usage of the relevant land parcel, we have relocated our warehouse to the San Tin Land in October 2015, and the Yuen Long Land has been vacated. The cost of relocation incurred was HK$42,000. The cost of relocation has no material impact and the relocation has no material disruption to our business operations. As advised by Jim & Co., Solicitors, the San Tin Land is permitted to be used as warehouse. Our Directors are considering any possible use of the Yuen Long Land without violating the applicable laws and regulations. If there is no other possible use to the benefit of our Group as a whole, our Directors may sell the Yuen Long Land. Furthermore, our Directors consider that the lease payments for the San Tin Land are affordable to us because (a) during the Track Record Period, our gross profit margin remained relatively stable at around 39% as we were able to transfer our cost to our customers by

increasing our service fee, which provided sufficient cushion to accommodate the additional lease payments; (b) our business generates constant cash flow and does not require a significant amount of working capital (with our relatively short debtors' turnover days); and (c) we have a strong cash balance of HK$25.3 million as of 31 December 2015. The amount of the annual lease payments represents around five per cent. of our revenue during the Track Record Period. We do not expect the impact arising from the lease of the San Tin Land to be more than five per cent. of our revenue.

In respect of the non-compliance relating to unauthorised building works and the Yuen Long Land, on 16 October 2015, our internal control consultant provided recommendations to our internal control procedures for preventing the recurrence of similar non-compliance incidents. We have adopted the following measures pursuant to the recommendations of our internal control consultant:

(a) our administration department, which is supervised by our executive Director, Mr. CHAN Chi Leung, is responsible for handling matters in relation to leasing, acquisition and maintenance of premises. Our administration department will arrange for inspection of the premises and a land search to be performed by external legal advisers. If our external legal advisers are of the view that the premises reveals any record, notice or warnings relating to unauthorised building works which cannot be rectified satisfactorily before our occupancy, we will not proceed with the acquisition or lease;
(b) we will seek external legal advice and will only lease or acquire a property or carry out addition or alteration of building works on any of our leased or owned premises if the opinion of the external legal adviser is that the arrangement complies with the relevant Hong Kong laws and regulations;
(c) before any addition or alteration works are carried out in our premises, we will seek confirmation from an authorised person under the Buildings Ordinance that such addition or alteration works do not constitute an unauthorised building works or breach of the Buildings Ordinance or relevant Hong Kong laws and regulations; and
(d) we have established a Significant Fixed Assets Acquisition Policy in November 2015, pursuant to which we are required to perform an assessment on the legality of the intended usage of the property before acquiring a property. For the purpose of the assessment, our management may engage external legal advisers with relevant experience in the field of conveyancing for legal advice on the permitted usage of the property.

On 12 November 2015, our internal control consultant performed a follow-up review by conducting subsequent walk-through procedures. The result of the follow-up review was that we do not have significant deficiencies in both our internal control measures and the operational effectiveness for preventing the recurrence of non-compliance relating to unauthorised building works and that the Significant Fixed Assets Acquisition Policy has been strictly complied with.

As of 31 December 2015, no single property interest forming part of our Group's non property activities had a carrying amount of 15% or more of our total assets. Thus, this prospectus is exempted from compliance with the requirements of Rules 8.01A and 8.01B of the GEM Listing Rules and the requirements of section 342(1) of the Companies (Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Miscellaneous Provisions) Ordinance, with respect to the inclusion of a property valuation report in this prospectus. Our Directors confirm that none of our property interests is individually material to our Group in terms of rental expenses.

LICENCES AND PERMITS

There are no licences, permits or approval necessary to be obtained for us to carry out our business of provision of vehicle glass repairs and replacement services in Hong Kong except the business registration under the Business Registration Ordinance (Chapter 310 of the Laws of Hong Kong), further information on which is set forth in the section headed "Applicable Laws and Regulations" in this prospectus.

NON-COMPLIANT INCIDENT

Except as disclosed below and in the paragraphs under "F. Other Information" in Appendix IV to this prospectus, we complied with the laws and regulations applicable to us in all material aspects during the Track Record Period and up to the Latest Practicable Date. The table below sets forth such non-compliant incident. Our Directors believe that such non-compliant incident, whether individually or collectively, will not have a material operation or financial impact on us.

Historical non-compliance	Reasons for non-compliance	Legal consequences and maximum penalty	Latest status and rectification actions	Enhanced internal control measures
The Yuen Long Land is owned by us, and we used it as a warehouse in violation of the permitted usage of the Yuen Long Land under the Town Planning Ordinance. Due to our failure to discontinue the unauthorised development before 5 November 2014 as demanded in the notice issued by the Planning Department on 5 August 2014, Xinyi Automobile Glass (HK) received a summons dated 5 September 2015 in relation to contravention of section 23(1) of the Town Planning Ordinance.	The breach was not wilful and was due to the inadvertent oversight of the administrative staff and our Directors. On 28 August 2014, we made an application for permission for the Yuen Long Land to be used as temporary vehicle glass repairs and replacement service depot for a period of three years, which was rejected by the Rural and New Town Planning Committee on 22 October 2014. After receiving the reject decision in October 2014, we continued to seek advices from a consultant on a proposed change in the permitted usage of the Yuen Long Land as our Directors were aware that other parcels of land in the area have been used for open-storage or other non-agricultural purposes. Our Director therefore believed that there might be a possibility to obtain a temporary permit for the Yuen Long Land to be used for open-storage purpose. This process included the discussion with the consultant, collection of evidence to support a possible request for review or appeal against the reject decision, discussion with the users of the adjacent land and the preparation of the supporting documents for a proposed submission of another application for change of the permitted usage of the Yuen Long Land. Despite all these efforts, and having considered the opinion from the consultant, our Directors decided not to proceed with such appeal or application because of a small chance of success.	According to section 23(6) of the Town Planning Ordinance, the maximum penalty for a first conviction is a fine of HK$500,000 and a daily fine of HK$50,000 for each day, after the date in the notice, during which the person continues to fail to so comply; and in case of a second or subsequent conviction, the maximum fine is HK$1,000,000 and a daily fine of HK$100,000 for each day, after the date in the notice, during which the person continues to fail to so comply.	The matter was heard before the Shatin Magistrates' court on 28 October 2015. Xinyi Automobile Glass (HK) was convicted of contravention of section 23 of the Town Planning Ordinance on a guilty plea. A fine of HK$80,000 was imposed and paid by Xinyi Automobile Glass (HK) on 5 November 2015. As advised by Jim & Co., Solicitors, the fine of HK$80,000 imposed on us shall be final and conclusive. In October 2015, we relocated our warehouse to San Tin Land. The Yuen Long Land has been vacant since then.	We have established a Significant Fixed Assets Acquisition Policy in November 2015, pursuant to which we are required to perform an assessment on the legality of the intended usage of the property before acquiring a property. For the purpose of the assessment, our management may engage external legal advisers with relevant experience in the field of conveyancing for legal advice on the permitted usage of the property.

COMPLIANCE WITH THE COMPETITION ORDINANCE

Our Directors are aware of the prohibitions under the Competition Ordinance and are of the view that our business operations are not in breach of any of the applicable prohibitions set forth in the Competition Ordinance. We are not aware of any enquiry, investigation, or notification relating to us under the Competition Ordinance. We have not received any complaint from our competitors, suppliers or customers that we are engaged in activity that would constitute a breach of the prohibitions under the Competition Ordinance. We determine our service fees primarily based on our cost of revenue as well as our understanding of the prevailing market conditions. We will adjust our service fees from time to time taking into consideration of our cost of revenue and the competitive landscape of the industry in which we operate.

In light of the prohibitions under the Competition Ordinance, we will from time to time seek compliance advices on our business operations.

RISK MANAGEMENT AND INTERNAL CONTROL

We are exposed to various risks in the course of our business operations. Further information on the risks is set forth in the section headed "Risk Factors" in this prospectus. We have implemented various policies and procedures to ensure effective risk management in various aspects of our business operations. Such policies and procedures include the following:

Audit Committee

We oversee and manage the various risks associated with our operations primarily through our Board. We have established an audit committee to review and supervise the financial reporting process and our internal control system. The Audit Committee comprises three members, all of them are our independent non-executive Directors. Further information is set forth in the section headed "Directors, Senior Management and Employees" in this prospectus. We have prepared written terms of reference of the audit committee in compliance with the GEM Listing Rules and the Corporate Governance Code and the Corporate Governance Report as set forth in Appendix 15 to the GEM Listing Rules.

Internal control and rectifications

Our historical non-compliances have the following characteristics: (i) there were no wrongdoings wilfully committed; (ii) there was no dishonesty on the part of our Directors; and (iii) no material penalty or financial impact was caused, which can be and has been overcome by strengthening internal controls and engaging suitable personnel, professionals or advisers. Based on the above, and our rectification and internal control measures to prevent future recurrence of the non-compliances, our Directors are of the view that, and the Sole Sponsor concurs, our Directors are suitable to be directors of listed companies under GEM Listing Rules 5.01 and 5.02 and that our Group is suitable for listing under Rule 11.06 of the GEM Listing Rules.

In light of the non-compliance incident set forth above, we have established and maintained an internal control system to monitor our business operations. This internal control system includes the following measures:

(1) internal control system manuals on corporate governance, operations, management, legal and compliance matters, finance and auditing setting out the internal approval and review procedures pursuant to which our employees shall comply;

(2) supervision and guidance by our Audit Committee comprising our independent non-executive Directors which is empowered to provide an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of our Group, overseeing the audit process, etc.;
(3) enhancing the function of the internal control division to review and monitor the proper execution of the internal control system. In this regard, we have designated Mr. CHAN Chi Leung, our executive Director to oversee and monitor our future compliance with the applicable laws and regulations and the GEM Listing Rules; and
(4) engage external professional advisers (including compliance adviser with effect from Listing Date and legal advisers as to Hong Kong law) to provide professional advice and guidance to us to ensure compliance with the applicable laws and regulations. We also expect our external professional advisers to provide internal training to our staff from time to time to ensure that we are kept up-to-date to any legal and regulatory development.

Based on the above, our Directors are of the view that we have taken reasonable steps to establish an internal control system and procedures to enhance the control environment at both the working and management levels, and that the internal control measures are adequate and effective for our business operations.

Other risks

Our management implements our risk management policies by way of operational manuals and safety instructions so as to reduce the possible risks in the course of our business. We also maintain dedicated inventory policy so as to reduce our inventory risk. Our Directors do not consider that our business is subject to a significant credit risk. All cash and cheques received by our service centres will be deposited to banks on a daily basis with minimal amount of cash maintained at our service centres.

LEGAL COMPLIANCE

From time to time, we are involved in claims or other legal proceedings relating to workplace accidents, contract disputes and other matters in the ordinary course of business. None of these claims or legal proceedings are material to our business.

Save as disclosed in the paragraphs under "Non-compliant incident" above and paragraphs under "F. Other Information — 10. Non-compliance with the Predecessor Companies Ordinance" in Appendix IV to this prospectus, during the Track Record Period, neither we nor our Directors were involved in any litigation, claim or other legal proceedings that, individually or in the aggregate, could have a material adverse effect on our business and financial conditions and operating results. As of the Latest Practicable Date, there were no litigation against us that, individually or in the aggregate, could have a material adverse effect on our business and financial conditions or operating results.

COMPETITION

We face competition from different vehicle glass repairs and replacement service providers in Hong Kong. In general, we compete with our competitors in the following areas: service quality, pricing, customer services, value-added services and variety of vehicle glass for different types and models of vehicles.

There are no specific governmental or legal restrictions on the provision of vehicle glass repairs and replacement services in Hong Kong. According to the *Ipsos Report*, the vehicle glass repairs and replacement industry is highly competitive and we are also competing with regular vehicle service providers that regularly provide vehicle glass installation services but do not rely on such services as their principal source of income. We are also competing with authorised service centres of vehicle manufacturers in Hong Kong as well as local garage shops.

Our Directors believe that we have our own competitive strengths over our competitors. These strengths enable us to become one of the largest vehicle glass repairs and replacement businesses in Hong Kong in 2015 in terms of revenue.

Further information on the competitive landscape of the vehicle glass repairs and replacement industry in Hong Kong is set forth in section headed "Industry Overview — Competitive landscape of the vehicle glass repairs and replacement industry in Hong Kong" in this prospectus.

CONTINUING CONNECTED TRANSACTIONS

We have entered into certain connected transactions in the ordinary course of business with parties which will become connected persons upon the Listing and such transactions will constitute continuing connected transactions for our Company under the GEM Listing Rules. Further information on the continuing connected transactions is set forth in the section headed "Continuing Connected Transactions" in this prospectus.

BOARD OF DIRECTORS

Our Board consists of two executive Directors, two non-executive Directors and three independent non-executive Directors. The following table sets forth certain information in respect of our Directors:

Name	Age	Present position	Date of joining us	Date of appointment as a Director	Roles and responsibilities	Relationship among senior management and Directors
Mr. TUNG Ching Sai (董清世)	51	Chairman and non-executive Director	December 1996	18 November 2015	Formulating the overall business and strategic policies of our Group	Mr. TUNG Ching Sai is the uncle of Ms. LI Pik Yung and Mr. LEE Shing Kan.
Ms. LI Pik Yung (李碧蓉)	44	Chief Operation Officer and executive Director	April 1998	14 December 2015	Overseeing the daily management, sales and marketing activities and human resources matters of our Group	Ms. LI Pik Yung is the spouse of Mr. SHI Chit Yuk, our Chief Executive Officer, a cousin of Mr. LEE Shing Kan and a niece of Mr. TUNG Ching Sai.
Mr. CHAN Chi Leung (陳志良)	36	Financial Controller, Company Secretary and executive Director	July 2015	14 December 2015	Overseeing the financial, accounting, internal control and company secretarial matters of our Group	Nil
Mr. LEE Shing Kan (李聖根)	36	Non-executive Director	April 2004	18 November 2015	Formulating our future business expansion and development plans of our Group	Mr. LEE Shing Kan is a cousin of Ms. LI Pik Yung, our executive Director, and a nephew of Mr. TUNG Ching Sai, our Chairman and non-executive Director.
Mr. WANG Guisheng (王貴升)	46	Independent non-executive Director	N/A	25 June 2016	General board oversight as a Director and contribution of independent judgement to our Board	Nil
Mr. NG Wai Hung (吳偉雄)	52	Independent non-executive Director	N/A	25 June 2016	General board oversight as a Director and contribution of independent judgement to our Board	Nil
Mr. CHAN Hak Kan (陳克勤)	40	Independent non-executive Director	N/A	25 June 2016	General board oversight as a Director and contribution of independent judgement to our Board	Nil

Chairman and non-executive Director

Mr. TUNG Ching Sai (董清世), aged 51, is our Chairman and non-executive Director. Mr. TUNG is also a director of Xinyi Automobile Glass (BVI). Mr. TUNG has been working in Xinyi Glass for 27 years since its inception in November 1988. Mr. TUNG is currently an executive director and the chief executive officer of Xinyi Glass and the vice chairman and executive director of Xinyi Solar. Mr. TUNG graduated from the Sun Yat-Sen University with a master degree in senior executive business administration in December 2007. He was the 4th and 5th chairman of the Shenzhen Federation of Young Entrepreneurs. Mr. TUNG is a committee member of The Chinese People's Political Consultative Conference of Fujian Province, vice chairman of the China Architectural and Industrial Glass Association, one of the Ten Outstanding Young Entrepreneur in Shenzhen Municipal and was awarded the "Young Industrialist Awards of Hong Kong 2006". Mr. TUNG is an uncle of Ms. LI Pik Yung and Mr. LEE Shing Kan.

Executive Directors

Ms. LI Pik Yung (李碧蓉), aged 44, is our executive Director. Ms. LI is also a director of Xinyi Automobile Glass (HK). Ms. LI has been working for Xinyi Automobile Glass (HK) for over 18 years. Ms. LI is also currently our Chief Operation Officer and is responsible for overseeing the daily management, sales and marketing activities and human resources matters of our Group. Ms. LI joined Xinyi Automobile Glass (HK) as a clerk in April 1998 and was promoted as a director in 2005. Ms. LI is a cousin of Ms. LEE Shing Kan and a niece of Mr. TUNG Ching Sai.

Mr. CHAN Chi Leung (陳志良), aged 36, is our executive Director. Mr. CHAN is also a director of Xinyi Automobile Glass (HK). Mr. CHAN joined us as a Finance Manager in July 2015. Mr. CHAN is also currently our Financial Controller and Company Secretary and is responsible for overseeing our financial, accounting, internal control and company secretarial matters. Mr. CHAN is an associate member of the HKICPA. Mr. CHAN graduated from The Chinese University of Hong Kong and obtained a bachelor's degree in business administration in December 2004. Mr. CHAN has over 11 years of experience in the fields of finance, auditing and internal control. Mr. CHAN worked in Grant Thornton from September 2004 to May 2006, with his last position held as a semi-senior. From July 2006 to February 2007, Mr. CHAN worked in BDO McCabe Lo Limited, with his last position held as a senior associate. From July 2007 to December 2010, Mr. CHAN worked in JBPB & Company (formerly known as Grant Thornton) with his last position held as an assistant manager. Due to a merger between JBPB & Company and BDO Limited, Mr. CHAN was transferred to BDO Limited, in which he worked from January 2011 to July 2015, with his last position held as a manager.

Non-executive Director

Mr. LEE Shing Kan (李聖根), aged 36, is our non-executive Director. Mr. LEE is also a director of Xinyi Automobile Glass (BVI) and Xinyi Automobile Glass (HK). Mr. LEE has been working in Xinyi Glass for over 12 years. Mr. LEE is currently an executive director of Xinyi Glass and is responsible for overseeing the automobile glass business segment of Xinyi Glass in the PRC, Hong Kong and overseas prior to completion of the Spin-Off and the Listing. Mr. LEE graduated from the University of Melbourne and obtained a bachelor's degree in commerce in August 2003 and from Monash University and obtained a master's degree in applied finance in April 2005. Mr. LEE is the member of the Fujian Province Committee of Chinese People's Political Consultative Conference. Mr. LEE was a director of Tung Wah Group of Hospitals from 2012 to 2014. Mr. LEE Shing Kan is a nephew of Mr. TUNG Ching Sai and a cousin of Ms. LI Pik Yung.

Independent non-executive Directors

Mr. WANG Guisheng (王貴升), aged 46, is our independent non-executive Director. Mr. WANG obtained a master's degree in business administration from China Europe International Business School in August 2014. Mr. WANG is qualified as Certified Public Accountant with the Chinese Institute of Certified Public Accountants and the HKICPA and has been a member of the Association of Chartered Certified Accountants of England since April 2003. Mr. WANG has over 15 years of working experience in the retail industry and financial management. From July 2005 to October 2010, Mr. WANG served as an executive director of Chengshang Group Co., Ltd., a company listed on the Shanghai Stock Exchange (stock code: 600828). From August 2007 to October 2010, Mr. WANG served as an executive director and the chief financial officer of Maoye International Holdings Limited, a company listed on the Stock Exchange (stock code: 00848). From June 2010 to October 2010, Mr. WANG served as an executive director of Maoye Communication and Network Corporation Limited (formerly known as Qinhuangdao Bohai Logistics Holdings Corporations Ltd.), a company listed on the Shenzhen Stock Exchange (stock code: 000889). Mr. WANG is currently an executive director, the chief financial officer and the company secretary of Man Wah Holdings Limited, a company listed on the Stock Exchange (stock code: 01999).

Mr. NG Wai Hung (吳偉雄), aged 52, is our independent non-executive Director. Mr. NG graduated from the University of Hong Kong with a bachelor's degree in laws in 1987. Mr. NG is a practising solicitor and a partner in Iu, Lai & Li, a Hong Kong firm of solicitors. Mr. NG practises in the areas of securities law, corporate law and commercial law in Hong Kong. From March 2000 to February 2011 and from February 2011 to March 2013, Mr. NG served as an independent non-executive director and the company secretary of Ares Asia Limited, a company listed on the Stock Exchange (stock code: 00645), respectively. From March 2000 to January 2012, January 2013 to August 2014 and January 2008 to September 2014, Mr. NG served as an independent non-executive director of Talent Property Group Limited, a company listed on the Stock Exchange (stock code: 00760), and E-Rental Car Company Limited (formerly known as Perception Digital Holdings Limited) (stock code: 01822), and Qingdao Holdings International Limited, a company listed on the Stock Exchange (stock code: 00499), respectively. Currently, Mr. NG is also an independent non-executive director of another eight companies listed on the Stock Exchange, namely, Fortune Sun (China) Holdings Limited, a company listed on the Stock Exchange (stock code: 00352), Gome Electrical Appliances Holding Limited, a company listed on the Stock Exchange (stock code: 00493), Sustainable Forest Holdings Limited, a company listed on the Stock Exchange (stock code: 00723), Trigiant Group Limited, a company listed on the Stock Exchange (stock code: 01300), On Time Logistics Holdings Limited, a company listed on the Stock Exchange (stock code: 006123), Kingbo Strike Limited (stock code: 01421), Tech Pro Technology Development Limited (stock code: 03823) and Lajin Entertainment Network Group Limited (formerly known as China Star Cultural Media Group Limited) (stock code: 08172).

Mr. CHAN Hak Kan (陳克勤), aged 40, is our independent non-executive Director. Mr. CHAN graduated from The Chinese University of Hong Kong, obtained a bachelor's degree in social science in December 1997, and further obtained a master's degree in social science in December 2003. From January 2000 to December 2003, Mr. CHAN served as an elected member of the Sha Tin District Council. Mr. CHAN is appointed as a member of the HKSAR Community Involvement Committee on Greening from March 2011 to February 2017. From January 2011 to January 2016, Mr. CHAN served as a member of the HKSAR Fish Marketing Advisory Board. Mr. CHAN has been a member of the HKSAR Legislative Council and HKSAR Marine Fish Scholarship Fund Advisory Committee since October 2008 and April 2011, respectively. In June 2012, Mr. CHAN was appointed as the Justice of the Peace by the Chief Executive of Hong Kong.

Save as disclosed above, none of our Directors has been a director of any public company the securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this prospectus and there is no information which needs to be disclosed pursuant to Rule 17.50(2)(h) to (v) of the GEM Listing Rules or any other matters concerning any Director which need to be brought to the attention of our Shareholders.

SENIOR MANAGEMENT

The following table sets forth certain information in respect of our senior management team:

Name	Age	Present position	Date of joining us	Roles and responsibilities	Relationship among senior management and Directors
Mr. SHI Chit Yuk (佘彻育) . . .	48	Chief Executive Officer	December 1996	Overseeing the daily operations of our Group	Mr. SHI Chit Yuk is the spouse of Ms. LI Pik Yung.
Mr. CHUNG Chun Man (鍾振文)	40	Shop Manager	September 1997	Overseeing the daily operations of our service centre in Kam Tin	Nil
Mr. LI Fuk Kin (李福建).	38	Shop Manager	August 2002	Overseeing the daily operations of our service centre in Tokwawan	Nil
Mr. SZE Siu Lam (施少林) . . .	43	Shop Manager	July 2008	Overseeing the daily operations of our service centre in Tsuen Wan	Nil
Mr. LI Chun Chuen (李振川) . .	45	Shop Manager	October 2004	Overseeing the daily operations of our service centre in Quarry Bay	Nil

Mr. SHI Chit Yuk (佘彻育), aged 48, is our Chief Executive Officer. Mr. SHI has been working for Xinyi Automobile Glass (HK) for over 19 years. Although Mr. SHI has not received formal tertiary education, Mr. SHI has extensive experience in vehicle glass repairs and replacement business. Mr. SHI is also our operation director and is responsible for overseeing the daily operations and management of our Group. Mr. SHI joined Xinyi Automobile Glass (HK) as a sales manager in December 1996 and was promoted to an operation director in 2005. Mr. SHI is the spouse of Ms. LI Pik Yung.

Mr. CHUNG Chun Man (鍾振文), aged 40, is our Shop Manager. Mr. CHUNG has been working for Xinyi Automobile Glass (HK) for over 18 years. Although Mr. CHUNG has not received formal tertiary education, Mr. CHUNG has extensive experience in repairs and replacement of vehicle glass for a wide range of vehicles. Mr. CHUNG is the Shop Manager of our service centre located in Kam Tin and is responsible for overseeing the daily operations of our Group. Mr. CHUNG joined Xinyi Automobile Glass (HK) as a technician in September 1997 and was promoted to become a shop manager in October 2000.

Mr. LI Fuk Kin (李福建), aged 38, is our Shop Manager. Mr. LI has been working for Xinyi Automobile Glass (HK) for over 13 years. Although Mr. LI has not received formal tertiary education, Mr. LI has extensive experience in repairs and replacement of vehicle glass for a wide range of vehicles. Mr. LI is the Shop Manager of our service centre located in Tokwawan and is responsible for overseeing the daily operations of our Group. Mr. LI joined Xinyi Automobile Glass (HK) as a technician in August 2002 and was promoted to become a shop manager in August 2005.

Mr. SZE Siu Lam (施少林), aged 43, is our Shop Manager. Mr. SZE has been working for Xinyi Automobile Glass (HK) for over seven years. Although Mr. SZE has not received formal tertiary education, Mr. SZE has extensive experience in vehicle glass repairs and replacement business. Mr. SZE is the Shop Manager of our service centre located in Tsuen Wan and is responsible for overseeing the daily operations of our Group. Mr. SZE joined Xinyi Automobile Glass (HK) as a technician in July 2008 and was promoted to become a shop manager in December 2008.

Mr. LI Chun Chuen (李振川), aged 45, is our Shop Manager. Mr. LI has been working for Xinyi Automobile Glass (HK) for over 11 years. Although Mr. LI has not received formal tertiary education, Mr. LI has extensive experience in repairs and replacement of vehicle glass for a wide range of vehicles. Mr. LI is the Shop Manager of our service centre located in Quarry Bay and is responsible for overseeing the daily operations of our Group. Mr. LI joined Xinyi Automobile Glass (HK) as a technician in October 2004 and was promoted to become a shop manager in October 2006.

None of our senior management has been a director of any public company the securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this prospectus and there is no information which needs to be disclosed pursuant to Rule 17.50(2)(h) to (v) of the GEM Listing Rules or any other matters concerning any senior management which need to be brought to the attention of our Shareholders.

COMPANY SECRETARY

Mr. CHAN Chi Leung has been appointed as our Company Secretary since 14 December 2015. Further information on Mr. CHAN Chi Leung is set forth under the paragraphs under "Board of directors — Executive Directors" above.

AUTHORISED REPRESENTATIVES

Mr. CHAN Chi Leung and Ms. LI Pik Yung have been appointed as the authorised representatives of our Company.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

In accordance with Rule 17.101 of the GEM Listing Rules, our Company has adopted and will comply with the Corporate Governance Code as set forth in Appendix 15 to the GEM Listing Rules with a view to achieving a high standard of corporate governance and safeguarding Shareholders' interests.

BOARD COMMITTEES

Pursuant to a resolution of our Directors passed on 25 June 2016, our Company established audit committee, remuneration committee and nomination committee. The memberships of each of the committees are as follows:

Name	Position	Audit Committee	Remuneration Committee	Nomination Committee
Mr. TUNG Ching Sai	Chairman and non-executive Director	—	—	Chairman
Mr. LEE Shing Kan	Non-executive Director	—	Member	—
Mr. WANG Guisheng	Independent non-executive Director	Chairman	Member	Member
Mr. NG Wai Hung	Independent non-executive Director	Member	—	Member
Mr. CHAN Hak Kan	Independent non-executive Director	Member	Chairman	—

Audit Committee

Our Board established the audit committee on 25 June 2016 in compliance with Rule 5.28 of the GEM Listing Rules. Written terms of reference in compliance with Rule 5.29 and paragraph C3.3 of the Corporate Governance Code as set forth in Appendix 15 to the GEM Listing Rules have been adopted. The primary duties of the audit committee are mainly to make recommendation to our Board on the appointment and removal of external auditor, monitor the integrity of the financial statements, annual reports and interim reports and review significant financial reporting judgments contained in them, and oversee financial reporting system and internal control procedures of our Company. As of the date of this prospectus, the audit committee consists of three members, namely Mr. WANG Guisheng, Mr. NG Wai Hung and Mr. CHAN Hak Kan. Mr. WANG Guisheng is the chairman of the audit committee.

Remuneration Committee

Our Board established the remuneration committee on 25 June 2016 in compliance with Rule 5.34 of the GEM Listing Rules. Written terms of reference in compliance with paragraph B1.2 of the Corporate Governance Code as set forth in Appendix 15 to the GEM Listing Rules have been adopted. The primary duties of the remuneration committee are mainly to make recommendation to our Board on the overall remuneration policy and structure relating to all Directors and senior management of our Group; review remuneration proposals of the management with reference to our Board's corporate goals and objectives; and ensure none of our Directors or any of their associates determine their own remuneration. As of the date of this prospectus, the Remuneration Committee consists of three members, namely Mr. CHAN Hak Kan, Mr. LEE Shing Kan and Mr. WANG Guisheng. Mr. CHAN Hak Kan is the chairman of the Remuneration Committee.

Nomination Committee

Our Board established the nomination committee on 25 June 2016. Written terms of reference in compliance with paragraph A5.2 of the Corporate Governance Code as set forth in Appendix 15 to the GEM Listing Rules have been adopted. The primary function of the nomination committee is to review the structure, size, composition and diversity of our Board and make recommendations to our Board on the selection of individuals nominated for directorships, appointment or reappointment of Directors and succession planning for Directors. As of the date of this prospectus, the nomination committee consists of three members, namely Mr. TUNG Ching Sai, Mr. WANG Guisheng, and Mr. NG Wai Hung. Mr. TUNG Ching Sai is the chairman of the nomination committee.

EMPLOYEES

As of the Latest Practicable Date, we had 49 full-time employees (including our two executive Directors). During the Track Record Period, our total staff costs were HK$14.6 million and HK$16.7 million, respectively. The relationship and cooperation between our management and employees have been good and are expected to remain amicable in the future. There has not been any incidence of work stoppages or labour disputes, which adversely affected our operations. Further information on our employees and their benefits is set forth in the paragraphs under "Business — Employees" in this prospectus.

REMUNERATION POLICY

Our Directors and senior management receive compensation in the form of salaries, benefits in kind and discretionary bonuses related to the performance of our Company. We also reimburse them for expenses which are necessarily and reasonably incurred for providing services to us or executing their functions in relation to our operations. We review and determine the remuneration and compensation package of our Directors and senior management, by reference to, among other things, market level of salaries paid by comparable companies, the respective responsibilities of our Directors and senior management and the performance of our Company.

DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION DURING THE TRACK RECORD PERIOD

Remuneration packages of our Directors are generally structured by reference to market terms and individual merits. Salaries are normally reviewed and discretionary bonuses are paid on annual basis based on our results, individual performance and other relevant factors.

During the Track Record Period, the aggregate amount of the remuneration paid and benefits in kind granted to our Directors by us and our subsidiaries was HK$724,000 and HK$992,000, respectively. During the Track Record Period, the aggregate contribution to applicable pension scheme for our Directors was HK$16,000 and HK$24,000, respectively.

Save as disclosed in this prospectus, no other emoluments have been paid, or are payable, by us to our Directors in respect of the Track Record Period.

During the Track Record Period, no remuneration was paid by us to, or received by, our Directors as an inducement to join or upon joining us or as compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any remuneration during the Track Record Period.

Going forward, our remuneration committee will review and determine the remuneration and compensation of our Directors and senior management with reference to salaries paid by comparable companies, time commitment and responsibilities of our Directors and senior management and performance of our Group.

Additional information on Directors' remuneration during the Track Record Period as well as information on the highest paid individuals is set forth in the Accountant's Report in Appendix I to this prospectus.

COMPLIANCE ADVISER

We have appointed RHB Capital Hong Kong Limited as our compliance adviser pursuant to Rule 6A.19 of the GEM Listing Rules. Pursuant to Rule 6A.23 of the GEM Listing Rules, the compliance advisers will advise us in the following circumstances:

(a) before the publication of any regulatory announcement, circular or financial report;

(b) where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share buy-back; and

(c) where the Stock Exchange makes any inquiry of our Company regarding unusual movements in the price or trading volume of our Shares.

The term of the appointment shall commence on the Listing Date and end on the date on which we comply with Rule 18.03 of the GEM Listing Rules on the distribution of our annual report in respect of our financial results for the second full financial year commencing after the Listing Date, or when the appointment of RHB Capital Hong Kong Limited is terminated, whichever is earlier. Such appointment may be subject to extension by mutual agreement.

CONNECTED PERSONS

We have entered into certain transactions with parties which will become connected persons upon the Listing and such transactions will constitute continuing connected transactions for our Company under the GEM Listing Rules. These parties include Xinyi Glass, Xinyi International and Xinyi Glass (Hong Kong) and Mr. LEE Shing Kan.

Xinyi International and Xinyi Glass (Hong Kong) are wholly-owned subsidiaries of Xinyi Glass. They are principally engaged in investment holding and trading of glass products manufactured by the Remaining Group. We have entered into long-term purchase agreements with Xinyi International and Xinyi Glass (Hong Kong) for purchase of vehicle glass. Xinyi International and Xinyi Glass (Hong Kong) are our connected persons because they are subsidiaries of Xinyi Glass which is an associate of our Controlling Shareholders. Certain share options have been granted by Xinyi Glass before the Spin-Off and the Listing, and these share options will continue to be valid. The fair value of these share options will be recharged against us as administrative expenses.

Mr. LEE Shing Kan is our non-executive Director. We have entered into the Lease Agreement with Mr. LEE Shing Kan and Mr. TUNG Fong Ngai, who are the co-owners of the premises currently used by us as our service centre in Tokwawan.

GLASS SUPPLY AGREEMENT

Vehicle glass is the key material used by us. Before the Spin-Off and the Listing, we sourced most vehicle glass from the Xinyi Glass Group as we were a member of the Xinyi Glass Group. As the Xinyi Glass Group is a leading replacement vehicle glass manufacturer in terms of production volume in China, our Directors consider that the vehicle glass produced by the Xinyi Glass Group can satisfy our specifications and quality requirements. Our Directors consider that it would be in the interests of our Company to continue to source vehicle glass from the Remaining Group after the Spin-Off and the Listing.

Pursuant to the Glass Supply Agreement, Xinyi International and Xinyi Glass (Hong Kong) have agreed to supply vehicle glass to us at prices determined with reference to the then market prices.

Information on the purchase of vehicle glass by us from the Remaining Group during the Track Record Period is set forth as follows:

	Year ended 31 December	
	2014	**2015**
Amount of purchase of vehicle glass from the Remaining Group *(HK$'000)*	7,727	5,486
Percentage to the total purchase of our Group	73.5%	44.9%
Percentage to the revenue of the Remaining Group generated from the sales of vehicle glass products	0.2%	Less than 0.2%

The Glass Supply Agreement is for a period of three years commenced from 1 January 2016. The prices of vehicle glass will be determined with reference to the then prevailing market prices and subject to negotiations between the parties on an arm's length basis. There is no minimum purchase amount stipulated in the Glass Supply Agreement. In line with the arrangements with our other suppliers which are Independent Third Parties, the purchase quantity and the purchase price are specified separately in the individual purchase orders. The maximum purchase amounts stipulated in the Glass Supply Agreement are equal to the amount of the annual caps for our continuing connected transactions on the purchase of vehicle glass from the Remaining Group. Further information on the terms and conditions of the Glass Supply Agreement is set forth in the section headed "Business — Major contractual terms with our suppliers" in this prospectus.

We also source vehicle glass of the same specifications from Independent Third Parties. We have entered into long-term supply agreements with three independent and approved suppliers which supply vehicle glass of the required specifications for the provision of vehicle glass repairs and replacement services. Our Directors expect that the purchase of vehicle glass from the Remaining Group would not exceed 40% of the total amount of our purchase for each of the three years ending 31 December 2018. Having considered the nature of these ongoing purchase transactions and the decreasing amount of purchase of vehicle glass from the Remaining Group, our Directors consider that we are not unduly relying on the Remaining Group.

Our Directors confirm that the above vehicle glass purchase transactions were conducted on an arm's length basis and on normal commercial terms.

RECHARGE OF THE FAIR VALUE OF THE SHARE OPTIONS GRANTED BY XINYI GLASS TO OUR EMPLOYEES

Pursuant to the share option scheme currently adopted by Xinyi Glass, 20 employees of our Group have been granted share options which may, as of the date of this prospectus, allow the grantees to subscribe for 1,123,000 Xinyi Glass Shares, representing 0.03% of the Xinyi Glass Shares in issue, at different exercise prices up to the year ending 31 December 2020. The grant of the share options was part of the incentive provided by Xinyi Glass to our employees before the Spin-Off and the Listing. These share options will continue to be valid and exercisable until their respective expiry dates. Based on the fair values on the grant dates of these share options amortising over the vesting period, the amount of recharge of the fair value by Xinyi Glass against our Group would be HK$171,000, HK$245,000, HK$179,000 and HK$20,000 for the four years ending 31 December 2019, respectively. These amounts are subject to deduction if any of the grantees ceases to be employed by us resulting in the relevant share options lapsed.

In connection of the above, Xinyi Automobile Glass (HK) and Xinyi Glass entered into a written agreement confirming the recharged amount during the four years ending 31 December 2019 and the reduction mechanism thereunder.

LEASE OF SHOP PREMISES

The shop premises leased by us from Mr. LEE Shing Kan and Mr. TUNG Fong Ngai are situated at Shop No. 6, Ground Floor, Kam Tong Building, 20 Mok Cheong Street, Tokwawan, Kowloon, Hong Kong with a total area of 845 sq. ft. The shop premises are jointly owned by Mr. LEE Shing Kan and Mr. TUNG Fong Ngai and are currently used by us as a service centre. The shop premises are close to the area where many of the garages and vehicle repairs shops in East Kowloon are situated.

Pursuant to the Lease Agreement, Mr. LEE and Mr. TUNG have agreed to lease the shop premises to Xinyi Automobile Glass (HK) for a period of three years commenced from 1 December 2015 to 30 November 2018 for the monthly rental of HK$38,000. The monthly rental was determined with reference to the prevailing rent of similar shop premises, as confirmed by an independent valuation conducted by Asset Appraisal Limited, and shall be payable to Mr. LEE and Mr. TUNG on a monthly basis.

The amount of rental payment paid by Xinyi Automobile Glass (HK) during the Track Record Period are set forth as follows:

	Year ended 31 December	
	2014	2015
	(HK$'000)	*(HK$'000)*
Rental payment paid by Xinyi Automobile Glass (HK)	552	698

IMPLICATIONS UNDER THE GEM LISTING RULES

Each of Xinyi International and Xinyi Glass (Hong Kong), being the wholly-owned subsidiaries of Xinyi Glass, are connected persons of our Company pursuant to Rule 20.10(1)(c) of the GEM Listing Rules. Given all applicable percentage ratios (other than profits ratio), as defined under the GEM Listing Rules, are expected to exceed five per cent. but less than 25% and the total annual consideration of the Glass Supply Agreement is expected to be less than HK$10 million, the purchase transactions contemplated under the Glass Supply Agreement are exempt from the independent Shareholders' approval requirement, but are subject to the reporting, announcement and annual review requirements, pursuant to Rule 20.74(2) of the GEM Listing Rules.

Given that each of (i) the amount of recharge of the fair value of the share options granted by Xinyi Glass in each of the four years ending 31 December 2019 and (ii) the amount of the annual rental payable under the Lease Agreement will be less than five per cent. (other than profits ratio) and less than HK$3,000,000, these transactions will fall within the *de minimis* threshold under Rule 20.74(1) of the GEM Listing Rules and will be fully exempt from all reporting, announcement, annual review and independent Shareholders' approval requirements.

APPLICATION FOR WAIVER FOR NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

As the non-exempt continuing connected transactions under the Glass Supply Agreement are and will be conducted in our ordinary and usual course of business, our Directors consider that compliance with certain requirements set forth under the GEM Listing Rules would be unduly burdensome, which may also involve unnecessary administrative costs.

In this regard, pursuant to Rule 20.103 of the GEM Listing Rules, we have applied to the Stock Exchange for, and the Stock Exchange has granted a waiver to us with respect to the Glass Supply Agreement from strict compliance with the announcement requirement as may otherwise be required

of our Company under Rule 20.33 of the GEM Listing Rules, subject to the aggregate value of each of the non-exempt continuing connected transactions for each financial year not exceeding the relevant annual cap set forth below:

	Proposed annual caps for the year ending 31 December		
	2016	**2017**	**2018**
	(HK$'000)	*(HK$'000)*	*(HK$'000)*
Glass Supply Agreement	5,800	6,700	7,700

The above annual caps are determined with reference to the following factors:

(a) the historical and the current levels of purchase of vehicle glass from the Remaining Group and the estimated amount of purchase from the Independent Third Parties;

(b) the increasing demand for vehicle glass from our Group during the next three years as a result of organic business growth and the increasing purchase of vehicle glass from three independent and approved suppliers;

(c) the long-term supply contracts entered into with the three independent and approved suppliers, pursuant to which our Group is able to secure a constant supply of vehicle glass with the required specifications and acceptable prices; and

(d) the overall strategy of our Group to become an independently operated business without undue reliance on the Remaining Group following the Spin-Off and the Listing.

Save for the waiver granted, our continuing connected transactions will be conducted in compliance with the GEM Listing Rules.

CONFIRMATION FROM OUR DIRECTORS

Our Directors, including the independent non-executive Directors, are of the opinion that (i) the non-exempt continuing connected transactions described above have been and shall be entered into in our ordinary and usual course of business, on normal commercial terms or better that are fair and reasonable and are in the interests of our Company and our Shareholders as a whole and (ii) the proposed annual caps under the Glass Supply Agreement are fair and reasonable and are in the interests of our Company and our Shareholders as a whole.

CONFIRMATION FROM THE SOLE SPONSOR

The Sole Sponsor has conducted due diligence including (i) reviewing the underlying transactions documents relating to the non-exempt continuing connected transactions; (ii) interviewing the management of our Company who was involved in conducting the non-exempt continuing connected transactions to understand the background and benefits of these transactions; and (iii) comparing the terms and average prices of the non-exempted continuing connected transactions with those provided by Independent Third Parties for similar goods and services. Based on the due diligence conducted, the Sole Sponsor is of the view that (i) the non-exempt continuing connected transactions for which waiver is sought have been and shall be entered into in our ordinary

and usual course of business, on normal commercial terms and are fair and reasonable and in the interests of our Company and our Shareholders as a whole; (ii) the transactions under the Glass Supply Agreement are conducted on an arm's length basis and on normal commercial terms; and (iii) the proposed annual caps under the Glass Supply Agreement are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

You should read the following discussion and analysis with our audited consolidated financial information, including the notes thereto, as set forth in Appendix I to this prospectus. Our consolidated financial information has been prepared in accordance with HKFRS, which may differ in material aspects from generally accepted accounting principles in other jurisdictions. You should read the entire Accountant's Report and not merely rely on information contained in this section.

The following discussion and analysis and other parts of this prospectus contain forward-looking statements that reflect our current view with respect to future events and financial performance that involve risk and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical events, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. In evaluating our business, you should carefully consider the information provided in the sections headed "Risk Factors" and "Forward-looking Statements" in this prospectus.

OVERVIEW

We are a service provider of vehicle glass repairs and replacement services in Hong Kong. Our revenue is principally generated from the provision of vehicle glass repairs and replacement services, which includes the cost of the vehicle glass supplied for installation onto the vehicles of our customers/insured car owners and the fees for our services provided. Our vehicle glass repairs and replacement services may be provided at our service centres or at such locations as requested by our customers with our motorcade teams of technicians. We had four service centres located in Kam Tin, Tsuen Wan, Tokwawan and Quarry Bay for the provision of such services and 19 motorcade service teams in Hong Kong for the provision of door-to-door services as of the Latest Practicable Date. According to the *Ipsos Report*, we ranked the second in 2015 in terms of revenue with a market share of 19.7%.

During the Track Record Period, our customers mainly included (i) corporate customers, such as garages, vehicle dealers, car rental companies, coach and bus companies and public service organisations and government departments, which are not insured under the motor vehicle insurance policies maintained with the insurance companies; (ii) individual customers not insured under the motor vehicle insurance policies maintained with the insurance companies; and (iii) insurance companies pursuant to which we have entered into cooperation arrangements for the provision of vehicle glass repairs and replacement services for the insured motor vehicle owners. Revenue derived from corporate customers amounted to HK$22.7 million and HK$23.6 million, representing 53.3% and 51.5% of the total amount of our revenue during the Track Record Period, respectively. Revenue derived from individual customers amounted to HK$16.8 million and HK$18.6 million, representing 39.5% and 40.5% of the total amount of our revenue during the Track Record Period respectively. Revenue derived from insurance companies amounted to HK$3.0 million and HK$3.7 million, representing 7.2% and 8.0% of the total amount of our revenue during the Track Record Period, respectively.

During the Track Record Period, we achieved a steady growth in our business. Our revenue amounted to HK$42.5 million and HK$45.9 million, respectively. However, we had net loss of HK$4.5 million during the year ended 31 December 2015 primarily due to the expenses for Listing of HK$13.5 million included in the administrative expenses incurred during the year. Such expenses were partially offset by the higher amount of the gross profit generated during the year as we were able to shift the increases in the cost of revenue to our customers during the year.

Further information of our business and operations is set forth in the section headed "Business" of this prospectus.

BASIS OF PREPARATION OF OUR FINANCIAL INFORMATION

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability in the Cayman Islands on 18 November 2015. In preparation for the Spin-Off and the Listing, we implemented the Reorganisation, as set forth in the section headed "History, Development and Reorganisation" in this prospectus. Following completion of the Reorganisation, our Company became the holding company of all the companies now comprising our Group. Our financial information has been prepared in accordance with HKFRS issued by the HKICPA. Our financial information has been prepared under the historical cost convention. Our consolidated financial statements are prepared in accordance with the applicable requirements of the Predecessor Companies Ordinance for the years presented. The preparation of the financial information in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires our management to exercise their judgement in the process of applying our accounting policies. Detailed information on the basis of preparation of our financial information included in this prospectus is set forth in the Accountant's Report, the text of which is set forth in Appendix I to this prospectus.

KEY FACTORS AFFECTING OUR OPERATING RESULTS

The following sets forth a number of key factors that may affect our operating results. The following factors are not exhaustive, and our operating results may also be affected by the risk factors set forth in the section headed "Risk Factors" in this prospectus.

Supply of vehicle glass from the Remaining Group

Two members of the Remaining Group, namely Xinyi International and Xinyi Glass (Hong Kong), will continue to be our major suppliers following completion of the Spin-Off and the Listing. During the Track Record Period, our purchase of vehicle glass from the Remaining Group accounted for 73.5% and 44.9% of the total amount of our purchase, respectively. Therefore, our business and financial conditions and operating results could be affected by the relationship with the Remaining Group. Our gross profit margin and operating profit are substantially affected by the price at which we purchase the vehicle glass. We have entered into the Glass Supply Agreement, pursuant to which the Remaining Group has agreed to supply vehicle glass at prices determined with reference to the then market prices on an arm's length basis and the annual cap for each of the three years ending 31 December 2018.

We also source vehicle glass from Independent Third Parties. We have entered into supply agreements with three independent and approved suppliers for the supply vehicle glass according to our specifications for the provision of vehicle glass repairs and replacement services. Because of this independent source of vehicle glass, our Directors anticipate that the percentage of annual purchase by us under the Glass Supply Agreement would not exceed 40.0% of the total amount of our purchase for each of the three years ending December 2018. Having considered the nature of these ongoing purchase transactions and the decreasing proportion of purchase of vehicle glass from the Remaining Group, our Directors consider that we are not unduly relying on the Remaining Group. Further information is set forth in the sections headed "Continuing Connected Transactions" and "Relationship with the Remaining Group and our Controlling Shareholders" in this prospectus.

Supply of automobile glass

We are a service provider and do not manufacture any automobile glass. Cost of inventories sold accounted for 40.2% and 38.6% of our cost of revenue for the Track Record Period, respectively. Our business operations are dependent on the regular supply of automobile glass from qualified suppliers. Any price volatility, delay or disruption of any of these supply sources can drive us into competing for other sources left in the market and may increase our costs. If we are unable to find such substitute, our business operations could be adversely affected.

Level of demand for our services

Our revenue is derived from the Automobile Glass Installation Business, which in turn is driven by several key factors including the demand for motor vehicles in Hong Kong, the regulations and governmental policies on purchase of motor vehicles. The Hong Kong Government has been promoting the use of electric vehicles by waiving the first registration tax for electric vehicles until the end of March 2017. In addition, enterprises which procure electric vehicles are granted 100.0% profit tax deduction for the capital expenditure on electric vehicles in the first year of procurement. According to the Environmental Protection Department, as of the end of April 2016, there are around 5,289 electric vehicles in use, up from below 100 at the end of 2010. It is expected that the number of new registrations of electric vehicles will surge, which is likely to lead to an increasing demand for vehicle repairs and replacement services.

Competition

According to the *Ipsos Report*, the entry barriers to the vehicle glass repairs and replacement industry in Hong Kong are generally low due to the fact that skills required to deliver the vehicle glass repairs and replacement services are not complicated and there is no certification process or regulatory body that regulates the provision of vehicle glass repairs and replacement service in Hong Kong. According to the *Ipsos Report*, the automobile glass installation industry is highly competitive and we are also competing with dealerships, automobile service centres as well as local garage shops that provide automobile glass installation service but do not rely on automobile glass installation as their core revenue stream and irregular service providers. If there is any unfavourable change in the competitive landscape in the vehicle glass repairs and replacement industry in Hong Kong, our business and competitive strengths could be adversely affected.

Costs of labour

Direct labour cost accounted for 39.5% and 40.1% of our cost of revenue during the Track Record Period, respectively. The proportion of staff cost in our cost of revenue slightly increased during the Track Record Period as a result of the increased salaries and wages payable to our technicians. According to the *Ipsos Report*, the average monthly labour cost in Hong Kong increased from HK$13,258 in 2012 to HK$15,126 in 2015 which represented a CAGR of 3.9% as a result of (i) the launch of the statutory minimum wage on 1 May 2011; and (ii) the increase of the minimum hourly wage from HK$28 in 2011 to HK$32.5 in May 2015. Our business operations are substantially dependent on manpower. The general increase in the labour cost would result in an increase in our cost of revenue and the overall operation expenses.

Rent and rates

Our rent and rates amounted to HK$2.4 million and HK$3.1 million, which accounted for 9.5% and 10.9% of our cost of revenue during the Track Record Period, respectively. Our rent and rates represented rental expenses for leasing of our four services centres and the San Tin Land. According to the *Ipsos Report*, the increasing demand and limited supply of retail space was the primary reason for the significant increase in historical average monthly retail rent between 2012 and 2015. The CAGRs of average monthly retail rents of Hong Kong Island, Kowloon and New Territories are 3.2%, 2.0% and 3.4%, respectively. The increasing rent would result in an increase in our cost of revenue and decrease in our profit margins.

Sensitivity analysis

We set forth below sensitivity analysis on the fluctuations in our cost of inventories (including write-off of inventories) and our direct labour cost which illustrate the hypothetical effects on our profit before tax and profit after tax with 5%, 8% and 10% increase or decrease in our cost of inventories (including write-off of inventories) and our direct labour cost. Due to a number of assumptions applied, these sensitivity analyses are for illustration only, and the actual results may differ from those illustrated below.

	Hypothetical fluctuation in the key components of our cost of revenue					
	+10%	**+8%**	**+5%**	**-5%**	**-8%**	**-10%**
	(HK$'000)					
Impact on certain consolidated income statement items for the year ended 31 December 2014						
Cost of inventories (including write-off of inventories) after change	11,537	11,327	11,012	9,964	9,649	9,439
Direct labour cost after change	11,184	10,980	10,675	9,659	9,354	9,150
Change in profit before tax	(2,066)	(1,652)	(1,032)	1,032	1,652	2,066
Change in profit after tax	(1,725)	(1,379)	(862)	862	1,379	1,725
Impact on certain consolidated income statement items for the year ended 31 December 2015						
Cost of inventories (including write-off of inventories) after change	12,346	12,122	11,786	10,663	10,326	10,102
Direct labour cost after change	12,522	12,295	11,953	10,815	10,473	10,246
Change in profit before tax	(2,260)	(1,810)	(1,131)	1,131	1,810	2,260
Change in profit after tax	(1,887)	(1,511)	(944)	944	1,511	1,887

CRITICAL ACCOUNTING POLICIES

We have identified certain accounting policies that are significant to the preparation of our audited consolidated financial information. Note 2 to Appendix I to this prospectus includes a summary of principal accounting policies used in the preparation of our consolidated financial information. The determination of these accounting policies is fundamental to our financial condition and operating results, and requires management to make subjective and complex judgements about matters that are inherently uncertain based on information and data that may change in future periods. As a result, determinations regarding these items necessarily involved the use of assumptions and subjective judgments as to future events and are subject to change, and the use of different assumptions or data could produce materially different results. In addition, actual results could differ from estimates and may have a material adverse effect on our business and financial conditions, operating results and cash flows.

Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting the estimates may differ significantly from management's current judgments. We believe the following represents our critical accounting judgments and estimates.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services, stated net of discounts, returns and rebates. We recognise revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for our activities, as described below. We base our estimates of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of inventories comprises invoiced cost. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Leasehold land and plant and equipment

Plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to us and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged in the statement of comprehensive income during the financial period in which they are incurred.

Leasehold land in Hong Kong is government-owned. We acquired the right to use certain land. The consideration paid for such right is treated as prepayment for operating lease and recorded as leasehold land, which is amortised over the lease period using the straight-line method.

Leasehold land	Over their expected useful lives of 34 years
Storage containers and structures	20 years
Furniture and fixtures	5 years
Motor vehicles	5 years
Leasehold improvements	5 years

The assets' useful lives are reviewed, and adjusted if appropriate, at end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with carrying amount and are recognised in the consolidated statement of profit or loss and other comprehensive income.

Employee benefits

Pension obligations

We make contributions to the mandatory provident fund scheme, which we pay fixed contributions into a separate entity. The assets of the scheme are held separately from our assets in independently administered funds. We have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee services in the current and prior periods. We have no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses where they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

OUR SIGNIFICANT ACCOUNTING JUDGEMENTS AND ACCOUNTING ESTIMATES

The preparation of the financial information set forth in this prospectus requires the management to exercise its judgements and estimates on matters that are inherently uncertain based on the information and data that may change from time to time. As a result, our judgements and estimates on these items involve the use of assumptions and subjective judgements and are subject to change. The following sets forth the matters that require our significant judgements and estimates in applying our accounting policies.

Write-downs of inventories to net realisable value

We write down inventories to net realisable value based on an estimate of the realisability of inventories. Write-downs of inventories are recorded where events or changes in circumstances indicate that the balances may not be realised. The identification of write-downs requires the use of estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of inventories and write-downs of inventories in the periods in which such estimate has been changed.

Current income tax

We are subject to income tax in Hong Kong. Significant judgement is required in determining the provision for income taxes and the timing of the related payments. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the periods in which such determination is made.

RESULTS OF OPERATION

Consolidated statements of profit or loss and other comprehensive income

The following sets forth selected financial data from our consolidated statements of profit or loss and other comprehensive income for the Track Record Period, Further information on which is set forth in the Accountant's Report in Appendix I to this prospectus. The financial information contained herein and in the Accountant's Report in the Appendix I to this prospectus is prepared in accordance with HKFRS and is presented as if our current group structure had been in existence throughout the periods presented:

	Year ended 31 December	
	2014	**2015**
	HK$'000	*HK$'000*
Revenue	42,505	45,864
Cost of revenue	(25,719)	(28,357)
Gross profit	16,786	17,507
Other income	229	208
Selling and marketing costs	(3,331)	(3,675)
Administrative expenses	(1,753)	(16,690)
Operating profit/(loss)	11,931	(2,650)
Finance income	1	1
Profit/(loss) before income tax	11,932	(2,649)
Income tax expense	(1,999)	(1,894)
Profit/(loss) for the year	9,933	(4,543)
Other comprehensive income for the year	—	—
Total profit/(loss) and comprehensive income attributable to owners of the Company	9,933	(4,543)
Adjusted net profit (unaudited) (1)	9,933	9,398

Note:

(1) The amount of the unaudited adjusted net profit represents the audited profit/(loss) for the year excluding (a) the expenses for the Listing; (b) the amount of written-off on the plant and equipment on the Yuen Long Land; and (c) the penalty paid by us. Adjusted net profit is not defined under HKFRS. The use of the unaudited adjusted net profit as an analytical tool has material limitations as it does not include all items that impacted our net profit or loss during the year.

Consolidated balance sheets

The following sets forth selected financial data from our consolidated balance sheets as of 31 December 2014 and 2015:

	As of 31 December	
	2014	**2015**
	HK$'000	*HK$'000*
ASSETS		
Non-current assets		
Plant and equipment	3,850	3,502
Leasehold land	9,481	9,181
	13,331	12,683
Current assets		
Inventories	7,603	9,183
Trade and other receivables	40,039	31,432
Cash and cash equivalents	6,112	25,252
	53,754	65,867
Total assets	67,085	78,550
EQUITY		
Equity attributable to owners of our Company		
Capital	—	—
Reserves	57,978	62,805
Total equity	57,978	62,805
LIABILITIES		
Current liabilities		
Trade and other payables	8,881	15,529
Current income tax liabilities	226	216
Total liabilities	9,107	15,745
Total equity and liabilities	67,085	78,550
Net current assets	44,647	50,122
Total assets less current liabilities	57,978	62,805

COMPONENTS OF OUR CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Revenue

Our revenue is principally generated from the provision of vehicle glass repairs and replacement services. Our revenue includes the cost of the vehicle glass installation onto the vehicles of our customers/insured car owners and our fee for the services provided. We operate in one business segment and hence, there is no segmental information for the analysis of our revenue.

The following table sets forth an analysis of our revenue by the type of vehicle glass installed by us as part of our vehicle glass repairs and replacement services provided during the Track Record Period:

	Year ended 31 December			
	2014		2015	
	HK$'000	*%*	*HK$'000*	*%*
Fees received from the installation of:				
Windscreen	22,671	53.3	25,046	54.6
Side glass	8,735	20.6	9,127	19.9
Rear window glass	5,747	13.5	5,978	13.0
Subtotal	37,153	87.4	40,151	87.5
Fees received from other miscellaneous services[(1)]	5,352	12.6	5,713	12.5
Total	42,505	100.0	45,864	100.0

Note:

(1) These services include the replacement of glass rubber strips, leakage control, glass testing services and other miscellaneous repairing services provided by us without the replacement of any of the windscreen, side glass or rear window glass.

The revenue generated from the installation of windscreen represented 53.3% and 54.6% of the total amount of our revenue during the Track Record Period, respectively. The average fees charged by us for the installation of windscreen were generally higher than the fees for the installation of other types of vehicle glass during the Track Record Period.

Source of vehicle glass

The following table sets forth an analysis of our revenue by the source of vehicle glass installed by us as part of our vehicle glass repairs and replacement services during the Track Record Period:

	Year ended 31 December			
	2014		2015	
	HK'000	*%*	*HK'000*	*%*
Aftermarket vehicle glass	34,104	91.8	36,343	90.5
OEM vehicle glass	3,049	8.2	3,808	9.5
Total	37,153	100.0	40,151	100.0

Customers

Our customers include corporate customers (other than insurance companies), individual customers and insurance companies. The following table sets forth an analysis of our revenue based on the type of our customers during the Track Record Period:

	Year ended 31 December			
	2014		2015	
	HK$'000	*%*	*HK$'000*	*%*
Corporate customers (other than insurance companies)	22,669	53.3	23,598	51.5
Individual customers	16,789	39.5	18,603	40.5
Insurance companies	3,047	7.2	3,663	8.0
Total	42,505	100.0	45,864	100.0

During the year ended 31 December 2015, our revenue increased by 7.9% compared with our revenue during the year ended 31 December 2014. The increase was primarily driven by the increase in the average fees charged by us. As we are one of the major players in the automobile glass installation business in Hong Kong, we are able to adjust our fees promptly in response to the market condition and any increase in the cost of vehicle glass purchased by us.

During the Track Record Period, the revenue generated from the services provided to insured car owners was on an increasing trend. It was our plan to gradually increase the number of our customers which were insurance companies, as such type of customers generally prefer more premium automobile glass products from us.

Fees charged by us and the quantity of vehicle glass installed

The fees charged by us include the cost of the vehicle glass and the fees for the removal of the existing vehicle glass and installation of the new vehicle glass. The fees charged by us are based on the types of vehicle glass installed and the brand and the model of the vehicles. We generally use an uniform fee scale for vehicle glass of the same quality for the same vehicle model, and the fee scale will be reviewed by us from time to time taking into consideration the prevailing market prices and the cost of the vehicle glass purchased by us. Further information is set forth in the section headed "Business — Sales and marketing — Basis of our fees" in this prospectus.

The following table sets forth the average fees charged by us for the installation of different types of vehicle glass during the Track Record Period:

	Year ended 31 December		
	2014	2015	
	HK$	*HK$*	*% of change*
Windscreen	1,330.9	1,487.4	11.8
Rear window glass	962.7	986.7	2.5
Side glass	419.7	443.8	5.7
Weighted average	848.0	923.8	8.9

During the Track Record Period, we were able to maintain an increasing trend in the average fees charged by us. The overall weighted average fees charged by us increased by 8.9% from HK$848.0 in 2014 to HK$923.8 per piece in 2015. Such increase was principally a result of the upward adjustments to our fees in response to the increases in labour cost, cost of materials and rent and rates.

The following table sets forth the quantity of the types of vehicle glass installed by us as part of our vehicle glass repairs and replacement services during the Track Record Period:

	Year ended 31 December		
	2014	2015	
	(Pieces)	*(Pieces)*	*% of change*
Windscreen	17,034	16,839	(1.1)
Side glass	20,811	20,564	(1.2)
Rear window glass	5,970	6,058	1.5
Total	43,815	43,461	(0.8)

Cost of revenue

The table below sets forth an analysis of the cost of revenue during the Track Record Period:

	Year ended 31 December					
	2014			2015		
	HK$'000	*% to total cost of revenue*	*% to revenue*	*HK$'000*	*% to total cost of revenue*	*% to revenue*
Cost of inventories sold	10,340	40.2	24.3	10,950	38.6	23.9
Write-off of inventories	148	0.6	0.3	274	1.0	0.6
Labour cost	10,168	39.5	23.9	11,384	40.1	24.8
Overheads	2,618	10.2	6.2	2,662	9.4	5.8
Rent and rates	2,445	9.5	5.8	3,087	10.9	6.7
	25,719	100.0		28,357	100.0	

The cost of inventories sold is the major cost component representing 40.2% and 38.6% of our total cost of revenue during the Track Record Period, respectively. The cost of inventories sold mainly included vehicle glass, glass glue, consumable office supplies, transportation cost and the cost of damaged and broken glass.

Labour cost represented 39.5% and 40.1% of our total cost of revenue for the Track Record Period, respectively. Labour cost comprised wages and salary and benefits payable to technicians. Overheads mainly comprised of operating cost of our motorcade service teams, depreciation, insurance, utilities and general repairs and maintenance. Rent and rates represented leasing and relevant costs in relation to the rental of our service centres.

The following table sets forth the average cost of vehicle glass during the Track Record Period:

	Year ended 31 December		
	2014	2015	
	HK$	*HK$*	*% of change*
Windscreen	351.1	373.1	6.2
Rear window glass	213.2	218.8	2.6
Side glass	77.8	83.9	8.0
Weighted average	202.5	214.8	6.1

During the Track Record Period, the average cost of windscreen, rear window glass and side glass increased principally due to the increases in the import prices of vehicle glass.

During the Track Record Period, the vehicle glass and other materials purchased by us in foreign currencies amounted to nil and HK$2.3 million, respectively. Most of our suppliers allowed us to settle our purchase in Hong Kong dollars, except three suppliers to which we settled with them in US$ and Euro. We have not arranged to enter into any hedging instrument for the purpose because none of these purchase transactions is long-term contract, and we may negotiate the price for each transaction with the suppliers with reference to the prevailing exchange rates. On this basis, we do not consider that we are exposed to foreign exchange risk.

Gross profit and gross profit margin

The gross profit represented the difference between our revenue and the cost of revenue during the Track Record Period. The following table sets forth an analysis of our gross profit and gross profit margin during the Track Record Period:

	Year ended 31 December			
	2014		2015	
		Gross profit margin		*Gross profit margin*
	HK$'000	*%*	*HK$'000*	*%*
Gross profit	16,786	39.5	17,507	38.2

Our gross profit amounted to HK$16.8 million and HK$17.5 million for the Track Record Period, respectively. The slight increase in the amount of our gross profit was principally attributable to the increase in our revenue during the Track Record Period.

During the Track Record Period, our gross profit margin was 39.5% and 38.2%, respectively. Our gross profit margins decreased slightly during the Track Record Period which was mainly attributable to the additional lease payments of HK$0.5 million for the San Tin Land incurred by us since October 2015, which in turn further increased our cost of revenue for the year ended 31 December 2015. Nonetheless, we were generally able to transfer to our customers the increases in the cost of revenue and other costs in relation to our operating and administrative activities, because of our favourable bargaining power in the Hong Kong vehicle glass repairs and replacement market.

Other income

The table below sets forth an analysis of our other income during the Track Record Period:

	Year ended 31 December			
	2014		2015	
	HK$'000	*%*	*HK$'000*	*%*
Disposal gain on plant and equipment	101	44.1	175	84.1
Gain on disposal of scrap glass	7	3.1	—	0.0
Others	121	52.8	33	15.9
Total	229	100.0	208	100.0

Other income mainly consisted of (i) gain on disposal of motor vehicles of our motorcade service teams; (ii) gain on disposal of scrap glass; and (iii) others including service fee in relation to the provision of vehicle glass logistic arrangement.

Selling and marketing costs

The table below sets forth an analysis of our selling and marketing costs during the Track Record Period:

	Year ended 31 December			
	2014		2015	
	HK$'000	*%*	*HK$'000*	*%*
Selling expenses	3,311	99.4	3,619	98.5
Advertisement	20	0.6	56	1.5
Total	3,331	100.0	3,675	100.0

Selling and marketing costs mainly represented the cost of selling personnel and the advertisement costs. Selling expenses mainly included salary and bonus to selling personnel and cost in relation to maintaining customers' relationship. Advertisement costs mainly included cost on advertising on magazines.

The selling and marketing costs increased by 10.3% from HK$3.3 million in 2014 to HK$3.7 million in 2015 as a result of the increased amount of bonus paid to our staff.

Administrative expenses

The table below sets forth an analysis of our administrative expenses during the Track Record Period:

	Year ended 31 December			
	2014		2015	
	HK$'000	*%*	*HK$'000*	*%*
Staff cost	1,360	77.6	2,067	12.4
Office expenses	147	8.4	230	1.4
Sundry expenses	132	7.5	156	0.9
Audit fee	60	3.4	90	0.5
Legal and professional fee	39	2.2	185	1.1
Depreciation	15	0.9	21	0.1
Write-off of certain plant and equipment[1]	—	—	401	2.4
Penalty [2]	—	—	80	0.5
Listing expenses	—	—	13,460	80.7
Total	1,753	100.0	16,690	100.0

Notes:

(1) This mainly includes certain storage containers and structures in the Yuen Long Land which cannot be relocated to the San Tin Land.

(2) A fine of HK$80,000 was imposed and paid by Xinyi Automobile Glass (HK) on 5 November 2015 for contravention of section 23 of the Town Planning Ordinance. Further information is set forth in the paragraphs headed "Business — Property interests" and "Business — Non-compliant incident" in this prospectus.

Administrative expenses mainly represented staff costs, office expenses and sundry expenses. Staff costs mainly comprised salary and bonus. Office expenses mainly comprised stationary, communication and utilities expenses. Sundry expenses mainly represent costs in relation to general consumptions and service centres general expenses.

The administrative expenses increased by 8.5 times from HK$1.8 million in 2014 to HK$16.7 million in 2015 mainly due to the increase in staff costs and expenses for the Listing, respectively. The increase in the staff cost was primarily due to the recruitment of senior management staff for the preparation of the Listing.

Finance income

The finance income represented the bank interest income received by us during the Track Record Period.

Profit/(loss) before income tax

Profit/(loss) before income tax is equal to the excess amount of the gross profit less all the expenses incurred by us for our business operation during a particular year. We recorded profit before income tax of HK$11.9 million in 2014 and loss before income tax of HK$2.6 million in 2015. The profit margin was 28.1% for the year ended 31 December 2014.

Income tax expense

We incurred income tax of HK$2.0 million and HK$1.9 million during the Track Record Period, respectively. Income tax expense incurred represented Hong Kong profits tax payable by us. A reconciliation of the tax expense applicable to profit before income tax at the statutory/applicable rates for Hong Kong to the tax expense at the effective tax rates is as follows:

	Year ended 31 December	
	2014	2015
	HK$'000	*HK$'000*
Profit/(loss) before income tax	11,932	(2,649)
Calculated at a tax rate of 16.5%	1,969	(437)
Income not subject to tax	(17)	(32)
Expenses not deductible for tax purposes	32	2,368
Others	15	(5)
Income tax expense	1,999	1,894

During the Track Record Period, our effective tax rates were 16.8% and negative 71.5%, respectively. The substantial change in the effective tax rate in 2015 was principally due to certain expense items not deductible for tax purposes. These items included (i) expenses incurred for Listing; (ii) the written-off of certain plant and equipment; and (iii) the penalty paid during the year.

Cayman Islands profits tax

Our Company is incorporated as an exempted company in the Cayman Islands and is not subject to any income tax under the current laws of the Cayman Islands.

British Virgin Islands income tax

Xinyi Automobile Glass (BVI) is incorporated in the British Virgin Islands and is not subject to any income tax under the current laws of the British Virgin Islands.

Hong Kong profits tax

Xinyi Automobile Glass (HK), a wholly-owned subsidiary of our Company, is incorporated in Hong Kong and subject to the Hong Kong profits tax at the rate of 16.5% during the Track Record Period.

OUR OPERATING RESULTS

Comparison of our operating results for the year ended 31 December 2014 with our operating results for the year ended 31 December 2015

Revenue

Our revenue increased by 7.9%, or HK$3.4 million, from HK$42.5 million for the year ended 31 December 2014 to HK$45.9 million for the year ended 31 December 2015. The increase was mainly attributable to the increase in the weighted average fee charged by us for the services rendered by 8.9% from HK$848.0 for the year ended 31 December 2014 to HK$923.8 for the year ended 31 December 2015.

Cost of revenue

The cost of revenue increased by 10.3%, or HK$2.7 million, from HK$25.7 million for the year ended 31 December 2014 to HK$28.4 million for the year ended 31 December 2015. The increase was mainly attributable to (i) the increase in the cost of inventories sold; (ii) the increase in our labour cost as a result of the general increases in the wages and salaries in the Hong Kong labour market; and (iii) the increase in rent and rates because of the additional lease payments for the San Tin Land incurred by us since October 2015.

Gross profit and gross profit margin

Our gross profit increased by 4.3%, or HK$0.7 million, from HK$16.8 million for the year ended 31 December 2014 to HK$17.5 million for the year ended 31 December 2015. The increase in our gross profit was mainly attributable to the increase in revenue for the year ended 31 December 2015. Our gross profit margin was 39.5% and 38.2%, respectively, during the Track Record Period. Our gross profit margin decreased slightly during the Track Record Period as a result of the additional lease payments for the San Tin Land, which in turn further increased our cost of revenue for the year ended 31 December 2015.

Other income

Our other income principally included the sales of motor vehicles and scrap glass of HK$0.2 million during the Track Record Period.

Selling and marketing costs

The selling and marketing costs increased by 10.4% from HK$3.3 million for the year ended 31 December 2014 to HK$3.7 million for the year ended 31 December 2015 as a result of increased amount of bonus paid to our staff.

Administrative expenses

Our administrative expenses increased by 8.5 times, or HK$14.9 million, from HK$1.8 million for the year ended 31 December 2014 to HK$16.7 million for the year ended 31 December 2015. Such increase was principally due to (i) the expenses incurred for the Listing of HK$13.5 million; (ii) the increase in staff cost by HK$0.7 million from HK$1.4 million for the year ended 31 December 2014 to HK$2.1 million for the year ended 31 December 2015 due to the recruitment of senior management staff for the preparation of the Listing; (iii) the written-off amount of HK$0.4 million of certain plant, equipment and structures erected on the Yuen Long Land which were demolished in October 2015; and (iv) the penalty of HK$80,000 for the non-compliance with the land use covenant on the Yuen Long Land. Further information on the breach is set forth in the section headed "Business — Non-compliant incident" in this prospectus.

Profit/(loss) before income tax

In light of the above factors, our profit/(loss) before income tax decreased from a profit of HK$11.9 million for the year ended 31 December 2014 to a loss of HK$2.6 million for the year ended 31 December 2015. The profit margin was 28.1% for the year ended 31 December 2014. The decrease in our profit before income tax in 2015 was primarily due to the expense incurred for the Listing, the amount of written-off of certain plant and equipment and the payment of penalty during the year.

Income tax expense

The income tax expense represented the Hong Kong profits tax payable by us. Our income tax expenses decreased by HK$0.1 million from HK$2.0 million for the year ended 31 December 2014 to HK$1.9 million for the year ended 31 December 2015. During the Track Record Period, our effective tax rates were 16.8% and negative 71.5%, respectively. The substantial change in the effective tax rate in 2015 was principally due to certain expense items not deductible for tax purposes. These items included (i) expenses incurred for Listing; (ii) the written-off of certain plant and equipment; and (iii) the penalty paid during the year.

Profit/(loss) for the year

Our profit/(loss) for the year decreased by 145.7%, or HK$14.4 million, from a profit of HK$9.9 million for the year ended 31 December 2014 to a loss of HK$4.5 million for the year ended 31 December 2015 because of the reasons set forth above.

Adjusted net profit (unaudited)

The amount of the unaudited adjusted net profit represents the profit/(loss) for the year excluding (a) the expenses for the Listing; (b) the amount of written-off on the plant equipment on the Yuen Long Land; and (c) the penalty paid by us. Adjusted net profit is not defined under HKFRS. The use of adjusted net profit as an analytical tool has material limitations as it does not include all items that impacted our net profit or loss during the year.

	Year ended 31 December	
	2014	**2015**
	HK$'000	*HK$'000*
Profit/(loss) for the year	9,933	(4,543)
Add:		
Listing expenses	—	13,460
Write-off of certain plant and equipment on the Yuen Long Land[(1)]	—	401
Penalty [(2)]	—	80
Adjusted net profit (unaudited)	9,933	9,398

Notes:

(1) This mainly includes certain storage containers and structures in the Yuen Long Land which cannot be relocated to the San Tin Land.

(2) A fine of HK$80,000 was imposed and paid by Xinyi Automobile Glass (HK) on 5 November 2015 for contravention of section 23 of the Town Planning Ordinance. Further information is set forth in the paragraphs headed "Business — Property interests" and "Business — Non-compliant incident" in this prospectus.

In light of the above limitations, when assessing our operating and financial performance, adjusted net profit should not be considered in isolation or as a substitute for our profit for the year, or any other operating performance measure that is calculated in accordance with HKFRS.

The decrease in unaudited adjusted net profit during the year ended 31 December 2015 was primarily attributable to the increase in staff cost mainly due to the recruitment of senior management staff for the preparation of the Listing.

LIQUIDITY AND CAPITAL RESOURCES

Overview

During Track Record Period, our liquidity and capital requirements primarily relate to working capital needs, expansion and upgrade of our facilities, and we principally financed our working capital and other liquidity required primarily from cash generated from operations. Our principal uses of cash have been, and are expected to fund our daily operations, expansion of service capacity and improvement of our customer service facilities. The following is a summary of our consolidated statements of cash flows for the Track Record Period:

	Year ended 31 December	
	2014	2015
	HK$'000	*HK$'000*
Net cash generated from operating activities	11,516	8,144
Net cash (used in)/generated from investing activities	(12,217)	9,337
Net cash generated from financing activities	1,982	1,659
Net increase in cash and cash equivalents	1,281	19,140
Cash and cash equivalents at the beginning of the year	4,831	6,112
Cash and cash equivalents at the end of the year	6,112	25,252

Cash flows generated from operating activities

Our cash generated from operating activities principally represented cash inflows from receipt of payments from our customers derived from the provision of our services. Cash used in operating activities principally comprises payments for income taxes, material costs and operational expenses such as staff costs and overheads.

During the year ended 31 December 2014, we had net cash generated from operating activities of HK$11.5 million, primarily resulted from cash generated from operations of HK$13.5 million, the effect of which was partially offset by the income tax payment of HK$2.0 million. Our cash generated from operations of HK$13.5 million was primarily contributed by operating profit before working capital changes of HK$13.3 million, which was affected by:

(i) cash inflows due to an increase in trade and other payables of HK$0.3 million because of the increase in the accrued bonus payable to our employees; and
(ii) cash outflows due to an increase in inventories of HK$0.1 million, which primarily reflected the increase in the cost of revenue for the purpose of providing sufficient stock to satisfy the demand from our customers.

During the year ended 31 December 2015, we had net cash generated from operating activities of HK$8.1 million, which was resulted from cash generated from operations of HK$10.0 million, the effect of which was partially offset by the income tax payment of HK$1.9 million. Our cash generated from operations of HK$10.0 million was primarily contributed by operating profit before working capital changes of HK$8.3 million, which was affected by:

(i) cash inflows due to an increase in trade and other payables of HK$5.0 million, primarily reflected our accrued expenses for the Listing and an increase in the amount due to related companies for certain expenses paid on behalf by the Remaining Group;
(ii) cash outflows due to an increase in inventories of HK$1.9 million, primarily reflected in the increase in the cost of revenue for the purpose of providing sufficient stock to satisfy the demand from our customers; and
(iii) cash outflows due to an increase in trade and other receivables of HK$1.4 million, primarily resulted from an increase in revenue and additional rental deposits paid.

Cash flows used in investing activities

Our cash generated from investing activities during the Track Record Period mainly consisted of proceeds from disposal of plant and equipment and bank interest income. Our cash used in investing activities during the Track Record Period mainly consisted of advances to the Remaining Group and purchase of leasehold land, motor vehicles, storage container and structure and leasehold improvement on our office and shops.

For the year ended 31 December 2014, we had net cash used in investing activities of HK$12.2 million, primarily resulting from the cash used of (i) HK$10.5 million for advance to Remaining Group for working capital purpose and (ii) HK$1.8 million for the purchase of vehicles for our motorcade service teams and leasehold improvement for renovation of our service centres, the effects of which were partially offset by cash inflows of HK$0.1 million in relation to proceed from disposal of plant and equipment.

For the year ended 31 December 2015, we had net cash generated from investing activities of HK$9.3 million, primarily resulting from the cash inflows of (i) HK$10.0 million as the repayment from a related company and (ii) HK$0.2 million as the proceed from disposal of certain plant and equipment, the effects of which were partially offset by cash outflows of HK$0.9 million for the leasehold improvement for renovation of our service centres.

Cash flows generated from financing activities

Our cash generated from financing activities during the Track Record Period consisted of advance from a related company as a result of the net receipt on behalf of the Remaining Group for the Vehicle Glass Trading Business.

For the year ended 31 December 2014, we had net cash generated from financing activities of HK$2.0 million, which was a result of the cash inflows due to advance from a related company.

For the year ended 31 December 2015, we had net cash generated from financing activities of HK$1.7 million, which was a result of the cash inflows advanced from a related company.

PRINCIPAL COMPONENTS OF OUR CONSOLIDATED BALANCE SHEETS

Net current assets

Our net current assets represent the differences between our current assets and our current liabilities. As of 31 December 2014 and 2015 and 30 April 2016, we had net current assets of HK$44.6 million, HK$50.1 million and HK$51.4 million, respectively. The following sets forth the components of our current assets and current liabilities as of 31 December 2014 and 2015 and 30 April 2016, being the date for determining our Group's indebtedness:

	As of 31 December		As of 30 April
	2014	2015	2016
	HK$'000	*HK$'000*	*HK$'000* (Unaudited)
Current assets			
Inventories	7,603	9,183	8,795
Trade and other receivables	40,039	31,432	6,038
Cash and cash equivalents	6,112	25,252	45,440
Total	53,754	65,867	60,273
Current liabilities			
Trade and other payables	8,881	15,529	8,172
Current income tax liabilities	226	216	703
Total	9,107	15,745	8,875
Net current assets	44,647	50,122	51,398

Our net current assets increased by HK$5.5 million, from HK$44.6 million as of 31 December 2014 to HK$50.1 million as of 31 December 2015. Such increase was mainly attributable to (i) the increase in inventories of HK$1.6 million and (ii) the increase in cash and cash equivalents of HK$19.1 million, which was a result of the combined effects of (a) cash generated from operating activities of HK$8.1 million and (b) cash inflows of HK$10.0 million received as the repayment from a related company for the year ended 31 December 2015. Such increase was partially offset by (i) the decrease in trade and other receivables of HK$8.6 million mainly due to the decrease in amounts due from Xinyi Glass (Hong Kong) and (ii) the increase in trade and other payables of HK$6.6 million as a result of the increase in amount due to the Remaining Group relating to the Vehicle Glass Trading Business and other miscellaneous disbursements and the increase in accrued listing expenses as of 31 December 2015.

As of 30 April 2016, our net current assets slightly increased by HK$1.3 million as compared to our net current assets as of 31 December 2015 mainly due to the profit generated from our operations for the four months ended 30 April 2016. Components of our net current assets including trade and other receivables, cash and cash equivalents and trade and other payables fluctuated as of 30 April 2016 partly, as a result of the settling of the Remaining Group Balance, further information of which is set forth in the paragraph headed "Related party transactions and their impact" in this section.

Plant and equipment

During the Track Record Period, our plant and equipment mainly consisted of (i) storage containers and structures; (ii) furniture and fixtures; (iii) motor vehicles; and (iv) leasehold improvements. Net of depreciation, the carrying amount of plant and equipment was HK$3.9 million and HK$3.5 million as of 31 December 2014 and 2015, respectively. The decrease in plant and equipment as of 31 December 2015 was mainly resulting from the write-off of storage containers and structures and depreciation expenses recorded in the year.

Leasehold land

Our leasehold land represented carrying amount of the Yuen Long Land acquired and used as warehouse during the Track Record Period, the details of which are set forth in the section headed "Business — Property interests" in this prospectus. As of 31 December 2014 and 2015, the carrying amount of our leasehold land amounted to HK$9.5 million and HK$9.2 million. The decrease in carrying amount of leasehold land was mainly attributable to amortisation costs recorded during the Track Record Period.

Our Directors are of the view that risk of impairment in the value of the Yuen Long Land is low. At the date of the balance sheet, when there is any indication that the fixed assets may be impaired, a provision for impairment loss is recognised on the excess of the carrying amounts of the assets over their recoverable amounts in profit or loss for the current period. Recoverable amount is estimated based on the amount obtainable from the disposal of the Yuen Long Land under an arm's length transaction after deducting the costs of disposal. Our Directors are considering any possible use of the Yuen Long Land, including disposal of it at market value. Based on the information available, including the latest transactions of land in adjacent areas to the Yuen Long Land, our Directors confirm that (a) there has not been any significant decrease in the recoverable amount of the Yuen Long Land and (b) the recoverable amount of the Yuen Long Land exceeds the carrying amount as of 31 December 2015.

Inventories

Our inventories mainly consisted of finished goods, being vehicle glass, and other consumables such as glass glue and rubber strips. The following table sets forth the principal component of our inventories as of 31 December 2014 and 2015:

	As of 31 December	
	2014	2015
	HK$'000	*HK$'000*
Finished goods (vehicle glass)	7,436	8,786
Other consumables	167	397
Total	7,603	9,183

The level of our inventories was HK$7.6 million and HK$9.2 million as of 31 December 2014 and 2015, respectively. The level of our inventories increased by 20.8%, or HK$1.6 million, primarily due to the increase in the level of inventories of windscreen maintained in order to provide a wide range of vehicle glass for selection by our customers and the expected increase in the level of our revenue.

The cost of inventories sold recognised as expense and included in cost of revenue amounted to HK$10.3 million and HK$11.0 million, for the Track Record Period, respectively.

The following table sets forth our inventories turnover days for the Track Record Period:

	Year ended 31 December	
	2014	**2015**
Inventories turnover days[(1)]	108.0 days	108.0 days

Note:

(1) Inventories turnover days are calculated based on the average of the beginning and ending inventories balance of a given year divided by the cost of revenue for the corresponding year and multiplied by 365 days.

Our average inventories turnover days remained stable at 108.0 days for the two years ended 31 December 2015 due to our effective inventory control driven by stable market demand for our products.

The table below sets out the inventory ageing analysis:

	As of 31 December	
	2014	**2015**
	HK$'000	*HK$'000*
Within 3 months	1,771	2,700
3 months — 6 months	902	1,526
6 months — one year	1,100	864
One year — two years	711	855
Two years — five years	1,230	1,356
More than five years	1,889	1,882
Total	7,603	9,183

The inventories aged within 12 months accounted for 49.6% and 55.4% of our total inventory balance as of 31 December 2014 and 2015, respectively.

As of 30 April 2016, an aggregate amount of HK$2.5 million, or 27.7% of our inventories as of 31 December 2015 had been utilised.

According to the *Ipsos Report*, it is anticipated that the increase in varieties of vehicles produced by vehicle manufacturers will result in a more diverse inventory requirements for vehicle glass repairs and replacement service providers. It is important to our Group with regards to fulfilling customers' needs and providing timely service in maintaining and building up our reputation. Maintaining a reasonable level and variety of inventories of aftermarket and OEM vehicle glass is thus necessary for

ensuring our service quality. Based on the experience of our management, timely service is one of the decisive factors affecting the customers' satisfaction of service in the vehicle glass repairs and replacement industry in Hong Kong. We may lose a significant number of customers in the event that the vehicle glass requested by our customers are not available. Our Directors are of the view that keeping sufficient level of inventories of different types of vehicle glass is important to our success as it could ensure timely services to be provided to our customers and enhance the customer satisfaction and our reputation.

On the basis of (i) the increasing inventory requirements on vehicle glass repairs and replacement services providers as a result of the continuing launch of new car models; (ii) our inventory management policy to maintain sufficient inventory level; (iii) the long useful life of vehicle glass of more than 10 years; and (iv) the increasing proportion of our inventory aged less than 12 months, our Directors consider that the inventory levels of our Group as of 31 December 2014 and 2015 were not excessive and that our inventory is generally saleable. To the best knowledge of our Directors, it is not uncommon for other service providers in Hong Kong to maintain similar level of inventory.

Notwithstanding the above, from December 2015, we have implemented the following measures:

(i) monitoring the purchase of vehicle glass at least once per month to ensure that the quantity of purchase is consistent with the estimated purchase amount in our monthly plan;
(ii) conducting monthly meetings between our procurement team and our finance team on the level of inventories maintained by us; and
(iii) our procurement team working closely with our sales team so that the purchase plan is generally consistent with the latest revenue trend to meet the budgeted revenue.

Trade and other receivables

The following table sets forth our trade and other receivables as of 31 December 2014 and 2015:

	As of 31 December	
	2014	**2015**
	HK$'000	*HK$'000*
Trade receivables	2,468	3,266
Amounts due from Xinyi Glass (Hong Kong) and Xinyi Glass	36,918	26,848
Prepayments	124	241
Deposits and others	529	1,077
Total	40,039	31,432

Trade receivables

Our trade receivables mainly consisted of trade receivables from corporate customers and insurance companies. The majority of credit period granted by us to our corporate customers and insurance companies is generally 30 to 60 days. Our trade receivables increased by 32.3% from HK$2.5 million as of 31 December 2014 to HK$3.3 million as of 31 December 2015. Such increase was mainly due to the increase in our revenue during the year ended 31 December 2015. The carrying amounts of our trade receivables are denominated in HK$. As of 31 December 2014 and 2015, the

ageing analysis of our trade receivables based on invoice date was as follows:

	As of 31 December	
	2014	2015
	HK$'000	*HK$'000*
Within 60 days	2,038	2,343
61-180 days	422	893
181-365 days	8	30
Total	2,468	3,266

As of 31 December 2014 and 2015, trade receivables of HK$0.4 million and HK$0.9 million, respectively, were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. Based on past experience, we believe no provision for impairment is necessary in respect of these balances as there has not been a significant change in the credit quality of these clients and the balances are still considered fully recoverable.

As of 30 April 2016, an aggregate amount of HK$3.1 million, or 96.1% of our trade receivables as of 31 December 2015 had been collected.

The following table sets forth our average debtors' turnover days during the Track Record Period:

	Year ended 31 December	
	2014	2015
Debtors' turnover days[(1)]	20.4 days	22.8 days

Note:

(1) Debtors' turnover days are calculated based on the average of the beginning and ending trade receivables balance of a given year divided by the revenue for the corresponding year and multiplied by 365 days.

Our average debtors' turnover days were 20.4 days and 22.8 days for the two years ended 31 December 2015, respectively. Our Directors believe that such slight increase in debtors' turnover days was primarily due to the increase in our revenue generated from insurance companies, which generally settled their payments for longer period as a result of their relatively long internal payment approval procedures.

Other receivables

The maximum exposure to credit risk as of 31 December 2014 and 2015 was the carrying value of the trade receivables mentioned above. We did not hold any collateral as security. The amounts due from Xinyi Glass (Hong Kong) and Xinyi Glass represented the aggregate amount of advance to them when Xinyi Automobile Glass (HK) was a wholly-owned subsidiary of Xinyi Glass prior to the

Spin-Off and the Listing. The advance amount is interest-free and with no fixed repayment term. Such amounts due from Xinyi Glass (Hong Kong) and Xinyi Glass were settled in full by way of cash, net of the amount due to them as part of our current liabilities on 10 March 2016.

The carrying amounts of the trade receivables, deposits, other receivables and prepayments were denominated in HK$.

Trade and other payables

The following table sets forth our trade and other payables as of 31 December 2014 and 2015:

	As of 31 December	
	2014	**2015**
	HK$'000	*HK$'000*
Trade payables		
- Third parties	84	458
- Xinyi International	207	—
- Xinyi Glass (Hong Kong)	95	123
	386	581
Amount due to the Remaining Group relating to the Vehicle Glass Trading Business and other miscellaneous disbursements	3,594	6,128
Accrued salaries	559	969
Accrued bonus	4,342	4,422
Accrued listing expenses	—	3,402
Other creditors and accruals	—	27
Total	8,881	15,529

Trade payables

As of 31 December 2014 and 2015, the ageing analysis of our trade payables based on invoice date was as follows:

	As of 31 December	
	2014	**2015**
	HK$'000	*HK$'000*
Within 30 days	386	581

Our trade payables increased by 50.5% as of 31 December 2015 which was mainly attributable to the increase in our trade payables to suppliers to replenish our inventory level due to our increase in revenue during December 2015. As of 30 April 2016, an aggregate amount of HK$0.6 million, or 100% of our trade payables as of 31 December 2015 had been settled.

The following table sets forth our creditors' turnover days during the Track Record Period:

	Year ended 31 December	
	2014	2015
Creditors' turnover days[(1)]	7.1 days	6.2 days

Note:

(1) Creditors' turnover days are calculated based on the average of the beginning and ending trade payables balance of a given year divided by the cost of revenue for the corresponding year and multiplied by 365 days.

Our creditors' turnover days decreased from 7.1 days for the year ended 31 December 2014 to 6.2 days for the year ended 31 December 2015, respectively. We are generally allowed a credit period of 30 days by our suppliers. Our creditors' turnover days were lower than the credit terms offered in the Track Record Period as we would like to settle our payables early for the purpose of promoting good relationship with our suppliers.

The amounts due to members of the Remaining Group may be broadly divided into two categories: trade and non-trade balances. The trade balance represented the amount payable by us for the purchase of vehicles glass and such amount has yet to be settled because it is still within the credit term given by the Remaining Group. The non-trade balance represented the amount due to the Remaining Group relating to our Vehicle Glass Trading Business which was previously conducted by us and part of the listing expenses paid by the Remaining Group on our behalf. The Remaining Group Balance was settled in full by way of cash on 10 March 2016.

As of 31 December 2014 and 2015, the carrying amounts of trade payables, accrued expenses and other payables were mainly denominated in HK$.

Accrued expenses

Our accrued expense and other payables consist primarily of accrued salaries and bonus payable to staff and technicians. The table below sets forth our accrued expenses and other payables as of 31 December 2014 and 2015:

	As of 31 December	
	2014	2015
	HK$'000	*HK$'000*
Accrued salaries	559	969
Accrued bonus	4,342	4,422
Accrued expenses for Listing	—	3,402
Other creditors and accruals	—	27
Total	4,901	8,820

Our accrued expenses increased by 80.0%, or HK$3.9 million, from HK$4.9 million as of 31 December 2014 to HK$8.8 million as of 31 December 2015 which was mainly attributable to accrued expenses for Listing as of 31 December 2015.

Current income tax liabilities

The amount of the current tax liabilities represented the provision of Hong Kong profits tax payable by us during the Track Record Period.

RELATED PARTY TRANSACTIONS AND THEIR IMPACT

Xinyi Automobile Glass (HK), our principal operating subsidiary, was a wholly-owned subsidiary of Xinyi International prior to the Reorganisation and a member of Xinyi Glass Group prior to the Spin-Off and the Listing. Hence, there were a number of transactions conducted between Xinyi Automobile Glass (HK) and members of the Remaining Group as well as its director, which would have been deemed to be continuing connected transactions for our Company following the Spin-Off and the Listing. A summary of these transactions is set forth below:-

	Year ended 31 December	
	2014	2015
	HK$'000	*HK$'000*
Continuing transactions		
Purchase of vehicle glass from		
- Xinyi International	7,632	2,899
- Xinyi Glass (Hong Kong)	95	2,587
Operating lease payments in respect of land and buildings paid for Mr. LEE Shing Kan and Mr. TUNG Fong Ngai	552	698
Discontinued transactions		
Agency fee for purchase of glass glue to Xinyi Glass Japan Company Limited	7	8

Further information on the continuing connected transactions is set forth in the section headed "Continuing Connected Transactions" in this prospectus. Our Directors have reviewed all these transactions and confirm the purchase of vehicle glass from the Remaining Group was conducted on an arm's length basis upon normal commercial terms. On this basis, our Directors are of the view that the continuing and discontinued connected transactions did not distort our operating results during the Track Record Period.

As a result of the above transactions and the exclusion of the Vehicle Glass Trading Business, there were amounts due to and from members of the Remaining Group. The following table sets forth an analysis of these balances as of 31 December 2014 and 2015:

Non-trade	As of 31 December	
	2014	2015
	HK$'000	*HK$'000*
Amount due from Xinyi Glass (Hong Kong)	36,916	26,846
Amount due from Xinyi Glass	2	2
Amount due to Xinyi International arising from the Vehicle Glass Trading Business	(3,267)	(5,018)
Amount due to Xinyi Automobile Glass (Shenzhen) Company Limited	(319)	(337)
Amount due to Dongguan Benson Automobile Glass Company Limited (Formerly known as "Xinyi Automobile Glass (Dongguan) Company Limited")	(8)	(8)
Amount due to Xinyi Glass (BVI)	—	(765)

As of 10 March 2016, the Remaining Group Balance, being the amounts due from the Remaining Group after setting off the amounts due to the Remaining Group, was HK$21.1 million. Such amount was settled in full by way of cash on 10 March 2016.

Save for the continuing connected transactions between our Group and the Remaining Group as further disclosed in the section headed "Continuing Connected Transactions" of this prospectus, it is not expected that there will be any non-trade related inter-group transactions between our Group and the Remaining Group and thus, after Listing and going forward, there should be no non-trade related inter-group balance between our Group and the Remaining Group.

We will continue to purchase vehicle glass from the Remaining Group following the Spin-Off and the Listing. However, driven by our overall strategy to become an independently operated business following the Listing, we intend to reduce our purchase from the Remaining Group. During the Track Record Period, our purchase of vehicle glass from Xinyi Glass Group, including Xinyi International and Xinyi Glass (Hong Kong), accounted for 73.5% and 44.9% of our total purchase, respectively. Our Directors expect that the purchase of vehicle glass from the Remaining Group would not exceed 40% of our total purchase for each of the three years ending 31 December 2018.

Our Directors are of the view that the decreasing purchase from the Remaining Group as a major supplier has no adverse impact on us because of the following reasons:

(a) we can maintain a stable supply of vehicle glass of similar specifications, quality and quantity at comparable prices and in a timely manner from other suppliers which are Independent Third Parties;
(b) the prices of vehicle glass supplied by the Remaining Group are determined on the same basis as the prices of the vehicle glass supplied by other suppliers which are Independent Third Parties, i.e. with reference to the then prevailing market prices and subject to negotiation by the parties on an arm's length basis;

(c) the payment terms offered by the Remaining Group are substantially the same as those offered by other suppliers; and

(d) the gross profit margin generated from provision of vehicle repairs and replacement services using the vehicle glass sourced from the Remaining Group is generally consistent with the gross profit margin generated from provision of vehicle repairs and replacement services using the vehicle glass sourced from other suppliers which are Independent Third Parties.

CAPITAL EXPENDITURE

Our capital expenditure incurred during the Track Record Period was primarily used for cost on storage container and structure, purchase of motor vehicles and leasehold improvements which was funded by the financial resources generated from our business operations.

The table below sets forth, for the periods indicated, our capital expenditures.

	Year ended 31 December	
	2014	**2015**
	HK$'000	*HK$'000*
Storage containers and structure	—	145
Furniture and fixtures	92	44
Motor vehicles	1,157	390
Leasehold improvements	570	277
Total	1,819	856

During the Track Record Period, our capital expenditure was HK$1.8 million and HK$0.9 million, respectively. During the year ended 31 December 2014, the capital expenditure was used in the purchase of vehicles for our mobile automobile glass installation fleet. During the year ended 31 December 2015, the capital expenditure was used for the purchase of a new motor vehicle and the storage containers and structures used on the San Tin Land and the leasehold improvements to service centres. We estimate that our capital expenditures for the year ending 31 December 2016 will be HK$4.5 million, which will be primarily used to expand our motorcade teams and renovation of our service centres. Further information is set forth in the section headed "Statement of Business Objectives, Future Plans and Use of Net Proceeds from the Hong Kong Public Offering" in this prospectus. We expect that our capital expenditure will be funded by our internally generated financial resources.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

We lease various operation stores under operating lease arrangements. The majority of lease agreements are non-cancellable with lease terms ranged from one to two years. The lease expenses were charged to the consolidated statement of comprehensive income during the Track Record Period.

The future aggregate minimum lease payments under non-cancellable operating leases as follows:

	As of 31 December	
	2014	2015
	HK$'000	*HK$'000*
Not later than one year	1,264	3,908
Later than one year and not later than five years	504	1,647
Total	1,768	5,555

The future aggregate minimum lease payments under non-cancellable operating leases increased by HK$3.8 million during the Track Record Period primarily due to (a) the additional lease payments for the San Tin Land incurred by us since October 2015 and (b) the renewal of the lease agreement for the shop premises for Kam Tin and Quarry Bay service centres and shop No. 6 premises for Tokwawan service centre in 2015.

As of 31 December 2014 and 2015, we did not have any material capital commitments.

INDEBTEDNESS

At the close of business on 30 April 2016, which is the latest practicable date for ascertaining information contained in the indebtedness statement prior to the printing of this prospectus, we had no outstanding bank borrowing. During the Track Record Period, we did not have any bank borrowing as the internally generated financial resources are sufficient to meet the operational requirements. As of the Latest Practicable Date, we did not have any unutilised banking facilities.

We did not have outstanding indebtedness or any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or similar indebtedness, liabilities under acceptance (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other contingent liabilities as of 30 April 2016, being the latest practicable date for our indebtedness statement.

Our Directors confirm that, as of 30 April 2016, which is the latest practicable date for ascertaining information contained in the indebtedness statement prior to the printing of this prospectus, there is no material change in our indebtedness and contingent liabilities since 30 April 2016, being the date for determining our indebtedness, and that we do not have any plan to raise significant amount of external debt financing following the Listing.

WORKING CAPITAL

Our Directors confirm that there had not been any material default in payment of trade and non-trade payables during the Track Record Period. We believe that we will be able to settle our commitments by using funds from the internally generated cash flows, primarily being cash generated through payment from our customers.

As of 31 December 2015, our cash and cash equivalents amounted to HK$25.3 million.

During the Track Record Period and up to the Latest Practicable Date, we did not have any bank borrowing.

Taking into account the cash flows generated from our operating activities and the estimated net proceeds from the Hong Kong Public Offering, our Directors are of the opinion that we have sufficient working capital for our present requirement for at least the next 12 months from the date of this prospectus.

KEY FINANCIAL RATIOS

		As of/Year ended 31 December	
	Notes:	2014	2015
Revenue growth (%)	(1)	N/A	7.9
Net profit growth (%)	(2)	N/A	(145.7)
Gross profit margin (%)	(3)	39.5	38.2
Net profit margin (%)	(4)	23.4	N/A
Return on equity (%)	(5)	17.1	N/A
Return on total assets (%)	(6)	14.8	N/A

		As of 31 December	
		2014	2015
Gearing ratio (times)	(7)	N/A	N/A
Current ratio (times)	(8)	5.9	4.2
Quick ratio (times)	(9)	5.1	3.6

Notes:

(1) Revenue growth is calculated based on the difference in our revenue of each reporting period from the revenue of the previous reporting period divided by our revenue of previous reporting period and multiplied by 100%.

(2) Net profit growth is calculated based on the difference in our net profit attributable to our shareholders of each reporting period from the net profit attributable to our shareholders of the previous reporting period divided by our profit of previous reporting period and multiplied by 100%.

(3) Gross profit margin is calculated based on the gross profit for each reporting period divided by total revenue for each reporting period and multiplied by 100%.

(4) Net profit margin is calculated based on the net profit after income tax for each reporting period divided by total revenue for each reporting period and multiplied by 100%. Our net profit margin for the year ended 31 December 2015 was not applicable because we recorded a loss for that year.

(5) Return on equity is calculated based on our net profit attributable to our shareholders for each reporting period divided by equity attributable to our shareholders as of the end of each reporting period and multiplied by 100%. Our return on equity for the year ended 31 December 2015 was not applicable because we recorded a loss for that year.

(6) Return on total assets is calculated based on our net profit for each reporting period divided by total assets as of the end of each reporting period and multiplied by 100%. Our return on total assets for the year ended 31 December 2015 was not applicable because we recorded a loss for that year.

(7) Gearing ratio is calculated based on our total bank borrowings divided by our total equity as of the end of each reporting period and multiplied by 100%.

(8) Current ratio is calculated based on our total current assets divided by our total current liabilities as of the end of each reporting period.

(9) Quick ratio is calculated based on our total current assets (excluding inventory) divided by our total current liabilities as of the end of each reporting period.

Further information on the factors affecting our revenue growth, net profit growth, gross profit margin and net profit margin during the Track Record Period is set forth in the paragraphs under "Components of our consolidated statements of profit or loss and other comprehensive income", and "Our operating results" in this section.

Return on equity

Our return on equity for the year ended 31 December 2014 amounted to 17.1%. No meaningful analysis on our return on total equity for the year ended 31 December 2015 could be performed as we recorded net loss of HK$4.5 million in that year primarily as a result of the incurrence of the expenses for the Listing for the year ended 31 December 2015.

Return on total assets

Our return on total assets for the year ended 31 December 2014 amounted to 14.8%. No meaningful analysis on our return on total assets for the year ended 31 December 2015 could be performed as we recorded net loss of HK$4.5 million in that year primarily as a result of the incurrence of the expenses for the Listing for the year ended 31 December 2015.

Gearing ratio

Gearing ratio was not applicable during the Track Record Period given there was no borrowing by our Group.

Current ratio

As of 31 December 2014 and 31 December 2015, our current ratio was 5.9 times and 4.2 times, respectively. The decrease in current ratio as of 31 December 2015 was mainly due to the increases in the principal components of our current liabilities as of 31 December 2015. The increase in the current liabilities as of 31 December 2015 was principally due to the increase in trade and other payables of HK$6.6 million as a result of an increase in amount due to the Remaining Group relating to the Vehicle Glass Trading Business and other miscellaneous disbursements and the increase in accrued expenses for the Listing as of 31 December 2015.

Quick ratio

As of 31 December 2014 and 31 December 2015, the quick ratio was 5.1 times and 3.6 times, respectively. The decrease in quick ratio as of 31 December 2015 was mainly due to the increases in the principal components of our current liabilities as of 31 December 2015. The increase in the current liabilities as of 31 December 2015 was principally due to the increase in trade and other payables of HK$6.6 million as a result of an increase in amount due to the Remaining Group relating to the Vehicle Glass Trading Business and other miscellaneous disbursements and the increase in accrued expenses for the Listing as of 31 December 2015.

CONTINGENT LIABILITIES

As of 31 December 2014 and 2015 and 30 April 2016, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this prospectus, we did not have any material contingent liabilities.

DISCLAIMER

Save as aforesaid or as otherwise disclosed herein, and apart from normal trade and payables, current income tax liabilities and intra-group liabilities, our Group did not have outstanding as of the Latest Practicable Date any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptable credits, debentures, mortgages, charges, finance leases or hire purchases commitments, guarantees, material covenants, or other material contingent liabilities.

OFF-BALANCE SHEET ARRANGEMENT

As of the Latest Practicable Date, we did not have any material off-balance sheet arrangements or contingencies except as disclosed in the paragraphs under "Contractual obligations and commitments" and "Indebtedness" in this section.

FINANCIAL RISKS AND RISK MANAGEMENT

Financial risk

Our activities are mainly exposed to a variety of financial risks: credit risk and liquidity risk. Our overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on our financial performance. Our management regularly manage our financial risks. Because of the simplicity of the financial structure and our current operations, no hedging activities are undertaken by management.

Credit risk

Our credit risk arises from cash and cash equivalents and trade and other receivables. Our management have implemented a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. The carrying amounts of these balances represent our maximum exposure to credit risk in relation to financial assets which are stated as follows:

	As of 31 December	
	2014	2015
	HK$'000	*HK$'000*
Trade and other receivables excluding prepayment	39,915	31,191
Cash and cash equivalents	6,002	25,149
Maximum exposure to credit risk	45,917	56,340

As of 31 December 2014 and 2015, all the bank deposits were deposited with reputable banks in Hong Kong. The credit quality of cash and cash equivalents has been assessed by reference to external credit ratings or to historical information about the counterparty default rates. The existing counterparties do not have defaults in the past.

In respect of trade and other receivables, we have policies to minimise the credit risk by performing periodic credit evaluations on our customers. The credit period of the majority of our trade receivables is due within 30 to 60 days and largely comprises the amount receivable from corporate customers. We perform periodic credit evaluation of the amounts due from related parties of which management believes is of high credit quality and does not expect any losses arising from non-performance by the counterparty.

We have no concentration of credit risk, with exposure spread over a number of customers. Our management has delegated a team responsible for the determination of the credit limits, and monitoring the procedures to ensure that follow-up actions are taken to recover overdue amount. In addition, we review periodically the recoverable amount of each individual trade receivable to ensure that adequate provision for impairment losses are made for irrecoverable amounts. In this regard, the directors consider that our credit risk is significantly reduced.

Liquidity risk

Liquidity risk refers to the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets.

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding. Due to the nature of the underlying businesses, our management responsible for treasury function aims to maintain flexibility in funding by keeping sufficient cash and committed banking facilities available.

The table below analyses our financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet dates to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows based on the current rates at the year-end dates during the Track Record Period.

	Within one year or on demand
	HK$'000
As of 31 December 2014	
Trade and other payables	
Trade payables	386
Amounts due to related companies	3,594
	3,980

	Within one year or on demand
	HK$'000
As of 31 December 2015	
Trade and other payables	
Trade payables	581
Amounts due to related companies	6,128
Accrued expenses for Listing	3,402
Other creditors and accruals	27
	10,138

Capital risk management

Our objectives when managing capital are to safeguard our ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, we will consider the macro economic conditions and adequacy of cash flows generating from operations and may raise funding through borrowings from shareholders as necessary.

Fair value estimation

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

DIVIDEND PAID DURING THE TRACK RECORD PERIOD AND DIVIDEND POLICY

During the Track Record Period, our Company did not declare and pay any dividend. During the year ended 31 December 2015, Xinyi Automobile Glass (HK) declared and paid dividends of HK$6.1 million to Xinyi International, being the sole shareholder of Xinyi Automobile Glass (HK) prior to the Reorganisation. As part of our Reorganisation, all issued shares of Xinyi Automobile Glass (HK) was transferred from Xinyi International to Xinyi Automobile Glass (BVI) and the Vehicle Glass Trading Business previously conducted by Xinyi Automobile Glass (HK) was transferred to the Remaining Group. Further information on the Reorganisation is set forth in the section headed "History, Development and Reorganisation — Reorganisation" in this prospectus. The dividend payment represented the return of profit generated from the Vehicle Glass Trading Business to Xinyi International. As the audited consolidated financial information of our Group set forth in Appendix I to this prospectus does not include the performance of the Vehicle Trading Business during the Track Record Period, the payment of dividend described above is therefore not reflected in Appendix I to this prospectus.

We do not have any fixed dividend payout ratio following the Listing. Subject to the Cayman Companies Laws and the Articles of Association, our Board may, under certain circumstances, determine the dividend payment at its own discretion after taking into consideration factors such as our profits, cash flows, business opportunities and capital requirements (including the capital injection to our subsidiaries for their future expansion), general financial condition, regulatory limitations on our subsidiaries' ability to distribute dividends to us and any other factors that our Board considers relevant. If we declare any dividends in the future, it may only be paid out of our profits or, if the Articles allow for it, out of our share premium account provided that the relevant laws, including the Cayman Companies Laws are complied with.

Cash dividends on our Shares, if any, will be paid in Hong Kong dollars. Other distributions, if any, will be paid to our Shareholders by such other means as our Directors may approve from time to time.

PROPERTY INTERESTS

As of the Latest Practicable Date, no single property interest forming part of our Group's non property activities had a carrying amount of 15% or more of our total assets, the details of which are set forth in the section headed "Business — Property interests" of this prospectus.

DISTRIBUTABLE RESERVE

We had no distributable reserves on the date of incorporation of our Company on 18 November 2015. As of 31 December 2015, our Company had HK$66.6 million in our share premium account arising from the Reorganisation distributable to our Shareholders, subject to the condition that immediately following the date on which the distribution or dividend is proposed to be made, our Company is able to pay our debts as they fall due in the ordinary course of business. As of the same date, our Company had accumulated loss of HK$13.5 million.

LISTING EXPENSES

We started the preparation of the Listing in July 2015. By completing the Listing, we expect that the total expenses for the Listing would be HK$19.1 million.

On 7 December 2015, it was agreed with Xinyi Glass that two-third of the listing expenses will be borne by Xinyi Glass. Upon payment of these expenses by Xinyi Glass, a capital contribution from Xinyi Glass will be recorded in the Company's equity.

Listing expenses directly attributable to issuing new Shares will be recognised in equity, while other expenses relating to the Listing will be recognised as administrative expenses. The expenses incurred for the Hong Kong Public Offering, including the underwriting commission, the fees and expenses payable to the professional parties involved in the Hong Kong Public Offering and the cost of printing of this prospectus, in the total amount of HK$0.8 million, will be recognised in equity (including the portion to be borne by Xinyi Glass). The remaining balance of the expenses for the Listing of HK$18.3 million is and will be recognised as expenses. As a result, an amount of HK$13.5 million has been included in our administrative expenses for the year ended 31 December 2015. We expect that an amount of HK$4.8 million will be accounted for as our administrative expenses for the year ending 31 December 2016.

DISCLOSURE REQUIRED UNDER CHAPTER 17 OF THE GEM LISTING RULES

Our Directors confirm that, except as otherwise disclosed in this prospectus, as of the Latest Practicable Date, they are not aware of any circumstances which would give rise to a disclosure requirement under Rules 17.15 to 17.21 of the GEM Listing Rules.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted consolidated net tangible assets of our Group, which has been prepared in accordance with Rule 7.31 of the GEM Listing Rules, is for illustrative purposes only, and is set forth to illustrate the effect of the Hong Kong Public Offering on the consolidated net tangible assets as of 31 December 2015 as if the Hong Kong Public Offering had taken place on 31 December 2015.

This unaudited pro forma statement of adjusted consolidated net tangible assets have been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets as of 31 December 2015 or any future date following the Hong Kong Public Offering.

	Audited consolidated net tangible assets attributable to equity holders of the Company as of 31 December 2015[1]	**Estimated net proceeds from the Hong Kong Public Offering[2]**	**Unaudited pro forma adjusted net tangible assets attributable to equity holders of the Company[3]**	**Unaudited pro forma adjusted net tangible assets attributable to equity holders of the Company per Share[4]**
	HK$'000	**HK$'000**	**HK$'000**	**HK$**
Based on the minimum Offer Price of HK$0.55	62,805	28,403	91,208	0.17
Based on the maximum Offer Price of HK$0.70	62,805	36,590	99,395	0.18

Notes:

(1) The audited consolidated net tangible assets attributable to equity holders of our Company as of 31 December 2015 has been extracted from the Accountant's Report set forth in Appendix I to this prospectus which is based on the audited consolidated net assets of the Group attributable to equity holders of our Company of HK$62.8 million.

(2) The estimated net proceeds from the Hong Kong Public Offering are based on the minimum Offer Price of HK$0.55 or a maximum Offer Price of HK$0.70, respectively, after deduction of the estimated underwriting fees and other related expenses (excluding listing expenses of HK$13.5 million which have been accounted for prior to 31 December 2015) and does not take into account of any Shares which may be issued or repurchased pursuant to the Issuing Mandate and the Buy-Back Mandate. On 7 December 2015, it was agreed with Xinyi Glass that two-third of the issuing expenses will be borne by Xinyi Glass. Upon payment of these expenses by Xinyi Glass, a capital contribution from Xinyi Glass will be recorded in the Company's equity. The listing expenses to be borne by Xinyi Glass have been accounted for in arriving the estimated net proceeds.

(3) The unaudited pro forma net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 540,112,212.38 Shares were in issue assuming that the Hong Kong Public Offering has been completed on 31 December 2015. It does not take into account of any Shares which may be issued or repurchased pursuant to the Issuing Mandate and the Buy-Back Mandate.

(4) No adjustment has been made to reflect any trading result or other transactions entered into subsequent to 31 December 2015.

RECENT BUSINESS DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

We did not experience any significant decrease in revenue or any unexpected increase in the cost of revenue and other costs subsequent to the Track Record Period and up to the Latest Practicable Date.

The vehicle glass repairs and replacement industry in Hong Kong remained relatively stable after the Track Record Period and up to the Latest Practicable Date. As far as our Directors are aware, there are no material adverse changes affecting the industry in Hong Kong which could have a material and adverse impact on our business and financial conditions and our operating results.

Our Directors confirm that there has been no material adverse change in our financial or trading position or prospects since 31 December 2015, being the date to which the Accountant's Report set forth in Appendix I to this prospectus is prepared, and up to the date of this prospectus. Our directors further confirm there has been no event since 31 December 2015 which would materially and adversely affect the information in our consolidated financial statements included in the Accountant's Report set forth in Appendix I to this prospectus.

Subsequent to 31 December 2015, we have continued to focus on our business operations and expansion. Our Directors expect that we continue to maintain our pricing terms with our customers in general for the year ending 31 December 2016. Although we anticipate that the market conditions are generally stable, we could not eliminate any possible impact that we may encounter because of the slowdown in the growth of the global market and the possible further increase in US interest rates. According to the *Ipsos Report*, the estimated market size (in terms of value and volume) of the vehicle glass repair and replacement industry in Hong Kong is expected to grow over the period between 2016 to 2019. Driven by our strategy to enhance the business relationship with insurance companies, subsequent to 31 December 2015 and as of the Latest Practicable Date, we have entered into four additional non-exclusive agreements with insurance companies for the provision of vehicle glass repairing service to the cars under their insurance coverage.

STATEMENT OF BUSINESS OBJECTIVES

Overview

We are a service provider of vehicle glass repairs and replacement services in Hong Kong. Our business objective is to increase our market share in the Hong Kong market. While the vehicle glass repairs and replacement service industry is highly competitive and the entry barriers for the industry are generally low, our Directors believe that there is increasing demand for vehicle glass repairs and replacement services due to the increasing number of passenger vehicles in use in Hong Kong, the supportive government policies on the use of environmental-friendly vehicles and the potential growth opportunities from the insurance sector.

We plan to achieve our business objective through pursuing a number of strategies as set forth in section headed "Business — Our strategies" in this prospectus.

Implementation plans

The implementation plans set forth below are based on certain bases and assumptions set forth in paragraphs under "Bases and assumptions" below. These bases and assumptions are inherently subject to many uncertainties and unpredictable factors, in particular the risk factors as set forth in the section headed "Risk Factors" in this prospectus. We cannot assure you that our business objectives can be achieved or our business plans will be implemented according to the estimated time frame or at all.

We will endeavour to complete the following milestone events during the period from the Latest Practicable Date to 31 December 2018:

From the Latest Practicable Date to 31 December 2016

Description	Detailed implementation plans	Allocation of net proceeds from the Hong Kong Public Offering
		(HK$ million)
Expansion of service capacity	— Expand our Tokwawan service centre by renting one additional shop premises close to it.	0.6
	— Hire additional technicians to increase our service capacity.	0.1
	— Expand our motorcade service teams by acquiring new vehicles for providing door-to-door services.	0.8
	Subtotal:	**1.5**
Improvement in customer service facilities and service quality	— Renovate our Tokwawan service centres.	0.6
	— Provide on-the-job training to our technicians covering topics including technical skills involved in installation of vehicle glass, customer service skills and workplace safety.	—
	Subtotal:	**0.6**

Description	Detailed implementation plans	Allocation of net proceeds from the Hong Kong Public Offering
		(HK$ million)
Sales and marketing	— Distribute marketing materials to customers.	0.1
	— Offer promotion activities and/or other special packages for our services to our customers.	0.05
	— Participate in major promotional events held by the relevant industry organisations.	0.05
	— Enter into business contracts with insurance companies to broaden our customer base and increase our revenue.	—
	Subtotal:	**0.2**

From 1 January 2017 to 30 June 2017

Description	Detailed implementation plans	Allocation of net proceeds from the Hong Kong Public Offering
		(HK$ million)
Expansion of service capacity	— Relocate our service centre in Quarry Bay to a larger shop premises on the Hong Kong Island.	0.6
	— Expand our Tokwawan service centre by renting one additional shop premises close to it.	0.3
	— Expand our motorcade service teams by acquiring new vehicles to provide door-to-door services.	0.4
	— Hire additional technicians to increase our service capacity.	0.3
	— Develop mobile apps and online facility to allow online reservations and payments for our vehicle glass repairs and replacement services.	0.5
	— Identify potential new shop premises in East Kowloon	—
	Subtotal:	**2.1**

Description		Detailed implementation plans	Allocation of net proceeds from the Hong Kong Public Offering
			(HK$ million)
Improvement in customer service facilities and service quality	—	Provide on-the-job training to our technicians covering topics including technical skills involved in installation of vehicle glass, customer service skills and workplace safety.	—
		Subtotal:	**—**
Sales and marketing	—	Participate in major promotional events held by the relevant industry organisations.	0.1
	—	Enter into business contracts with insurance companies to broaden our customer base and increase our revenue.	—
	—	Web/mobile application promotion to encourage customers to arrange for the services online and web/mobile application hyperlinkage to selected insurance companies to streamline the claim process and enhance positive customer experience.	0.1
		Subtotal:	**0.2**

From 1 July 2017 to 31 December 2017

Description		Detailed implementation plans	Allocation of net proceeds from the Hong Kong Public Offering
			(HK$ million)
Expansion of service capacity	—	Expand our Tokwawan service centre by renting one additional shop premises close to it.	0.3
	—	Relocate our service centre in Quarry Bay to a larger premises on the Hong Kong Island.	0.1
	—	Expand our motorcade service teams by acquiring new vehicles to provide door-to-door services.	0.4
	—	Hire additional technicians to increase our service capacity.	0.2
	—	Identify and confirm potential new shop premises in East Kowloon	—
		Subtotal:	**1.0**
Improvement in customer service facilities and service quality	—	Renovate our Tsuen Wan service centre.	0.5
	—	Provide on-the-job training to our technicians covering topics including technical skills involved in installation of vehicle glass, customer service skills and workplace safety.	—
		Subtotal:	**0.5**
Sales and marketing	—	Participate in major promotional events held by the relevant industry organisations.	0.1
	—	Enter into business contracts with insurance companies to broaden our customer base and increase our revenue.	—

Description	Detailed implementation plans	Allocation of net proceeds from the Hong Kong Public Offering
		(HK$ million)
	— Web/mobile application promotion to encourage customers to arrange for the services online and web/mobile application hyperlinkage to selected insurance companies to streamline the claim process and enhance positive customer experience.	0.1
	Subtotal:	**0.2**

From 1 January 2018 to 30 June 2018

Description	Detailed implementation plans	Allocation of net proceeds from the Hong Kong Public Offering
		(HK$ million)
Expansion of service capacity	— Set up a new service centre by purchasing shop premises in East Kowloon to expand our network of service centres.	17.7
	— Expand our Tokwawan service centre by renting one additional shop premises close to it.	0.3
	— Relocate our service centre in Quarry Bay to a larger shop premises on the Hong Kong Island.	0.1
	— Expand our motorcade service teams by acquiring new vehicles to provide door-to-door services.	0.8
	— Hire additional technicians to increase our service capacity.	0.4
	Subtotal:	**19.3**

Description		Detailed implementation plans	Allocation of net proceeds from the Hong Kong Public Offering
			(HK$ million)
Improvement in customer service facilities and service quality	—	Provide on-the-job training to our technicians covering topics including technical skills involved in installation of vehicle glass, customer service skills and workplace safety.	—
		Subtotal:	**—**
Sales and marketing	—	Participate in major promotional events held by the relevant industry organisations.	0.15
	—	Web/mobile application promotion to encourage customers to arrange for the services online and web/mobile application hyperlinkage to selected insurance companies to streamline the claim process and enhance positive customer experience.	0.15
		Subtotal:	**0.3**

From 1 July 2018 to 31 December 2018

Description		Detailed implementation plans	Allocation of net proceeds from the Hong Kong Public Offering
			(HK$ million)
Expansion of service capacity	—	Expand our motorcade service teams by acquiring new vehicles to provide door-to-door services.	0.4
	—	Expand our Tokwawan service centre by renting one additional shop premises close to it.	0.3
	—	Relocate our service centre in Quarry Bay to a larger shop premises on Hong Kong Island.	0.1
	—	Hire additional technicians to increase our service capacity.	0.4
		Subtotal:	**1.2**

Description		Detailed implementation plans	Allocation of net proceeds from the Hong Kong Public Offering
			(HK$ million)
Improvement in customer service facilities and service quality	—	Provide on-the-job training to our technicians covering topics including technical skills involved in installation of vehicle glass, customer service skills and workplace safety.	—
		Subtotal:	**—**
Sales and marketing	—	Participate in major promotional events held by the relevant industry organisations.	0.15
	—	Web/mobile application promotion to encourage customers to arrange for the services online and web/mobile application hyperlinkage to selected insurance companies to streamline the claim process and enhance positive customer experience.	0.15
		Subtotal:	**0.3**

PROPOSED USE OF NET PROCEEDS FROM THE HONG KONG PUBLIC OFFERING

The implementation of the business strategy to achieve our business objectives from the Latest Practicable Date to 31 December 2018 will be funded by a combination of the net proceeds from the Hong Kong Public Offering, internally generated financial resources from our business operations and, if appropriate and as a medium to long-term plan, additional funding by way of bank financing or capital market transactions. The table below sets forth the amount of net proceeds from the Hong Kong Public Offering which we will receive if the Offer Price is fixed at low-end, mid-point and high-end of the indicative range of the Offer Price:

	Listing expenses	Amount of net proceeds from the Hong Kong Public Offering
If the Offer Price is fixed at HK$0.55 (being the low-end of the indicative range of the Offer Price in this prospectus)	HK$6.3 million	HK$23.9 million

	Listing expenses	Amount of net proceeds from the Hong Kong Public Offering
If the Offer Price is fixed at HK$0.625 (being the mid-point of the indicative range of the Offer Price in this prospectus)	HK$6.4 million	HK$28.0 million
If the Offer Price is fixed at HK$0.70 (being the high-end of the indicative range of the Offer Price in this prospectus)	HK$6.4 million	HK$32.1 million

The following table sets forth the proposed allocation of the net proceeds from the Hong Kong Public Offering (assuming that the Offer Price is HK$0.625, being the mid-point of the indicative range of the Offer Price):

	From the Latest Practicable Date to 31 December 2016	From the six months ending					Percentage of net proceeds from the Hong Kong Public Offering
		30 June 2017	31 December 2017	30 June 2018	31 December 2018	Total	
	(HK$ million)	*(HK$ million)*	*(HK$ million)*	*(HK$ million)*	*(HK$ million)*	*(HK$ million)*	*(%)*
Expansion of service capacity	1.5	2.1	1.0	19.3	1.2	25.1	89.6
Improvement in customer service facilities	0.6	—	0.5	—	—	1.1	3.9
Sales and marketing	0.2	0.2	0.2	0.3	0.3	1.2	4.3
General working capital	0.1	0.1	0.2	0.1	0.1	0.6	2.2
Total						28.0	100.0

If the Offer Price is finally determined to be more than HK$0.625, being the mid-point of the indicative range of the Offer Price, the above proposed allocation of the net proceeds will increase on a *pro rata* basis. If the Offer Price is less than the mid-point of the indicative range of the Offer Price, the above allocation of the net proceeds will decrease on a *pro rata* basis and we plan to finance such shortfall by internal generated financial resources and/or other financing, as and when appropriate.

BASES AND ASSUMPTIONS

Potential investors should note that our ability to achieve our business objectives as well as our market and growth potential depends on a number of assumptions, in particular:

- there will be no material changes in the existing political, legal, fiscal, social or economic conditions in Hong Kong;
- there will be no material changes in the prospects of vehicle glass repairs and replacement services industry in Hong Kong;
- there will be no material changes in industry trends and customer preferences due to technology advancement or otherwise that render the services provided by us obsolete;
- we will have sufficient financial resources to meet the planned capital expenditure and business development requirements during the period to which the business objectives relate;
- there will be no material changes in the existing Hong Kong laws, policies or industry or regulatory treatment relating to us, or in the political, economic or market conditions in Hong Kong;
- there will be no material changes in the bases or rates of taxation in Hong Kong;
- there will be no significant changes in our business relationship with our various business partners;
- there will be no significant changes in our business relationship with our major customers;
- there will be no material changes in the funding required for each of the scheduled achievements as outlined under the paragraph headed "Implementation plans" above;
- we will be able to identify suitable location to establish our new shop premises;
- we will be able to lease/purchase for our new shop premises on a timely basis and satisfactory commercial terms;
- we will not be materially affected by the risk factors as set forth in the section headed "Risk Factors" in this prospectus;
- there are no technical difficulties in developing the web/mobile apps; and
- insurance companies are willing to cooperate with us in web/mobile apps application hyperlink.

AUTHORISED AND ISSUED SHARE CAPITAL

The following is a description of the authorised and issued share capital of our Company immediately following completion of the Spin-Off and the Listing:

Authorised share capital:

Number of Shares	Par value
	HK$
2,000,000,000,000	20,000,000,000

Issued and to be issued, fully paid or credited as fully paid:

699.00	Shares in issue prior to completion of the Capitalisation Issue	6.9900
485,111,513.38	Shares issued pursuant to the Capitalisation Issue	4,851,115.1338
55,000,000.00	Shares to be issued pursuant to the Hong Kong Public Offering	550,000.0000
540,112,212.38		5,401,122.1238

The above table assumes that the Spin-Off and the Listing become unconditional but does not take into account our Shares which may be issued or bought back pursuant to the Issuing Mandate or the Buy-Back Mandate.

RANKING

The share capital of our Company only includes ordinary shares which rank equally in all respects and will qualify and rank in full for all dividends or other distributions declared, made or paid in respect of a record date which falls after the date of this prospectus.

GENERAL MANDATE TO ISSUE SHARES

Our Directors have been granted a general unconditional mandate to allot, issue and deal with our Shares with an aggregate par value of not more than 20.0% of the issued share capital of our Company immediately following completion of the Spin-Off and the Listing.

This mandate will expire at the earliest of:

(i) the conclusion of our Company's next annual general meeting, unless renewed by an ordinary resolution of the Shareholders in a general meeting, either unconditionally or subject to conditions; or

(ii) the expiration of the period within which our Company is required by law or the Articles of Association to hold our next annual general meeting; or

(iii) the time when such mandate is varied, revoked or renewed by an ordinary resolution of our Shareholders in a general meeting.

Further information on this general mandate is set forth in the paragraphs under "A. Further information about our Company — 4. Written resolutions of our sole Shareholder" in Appendix IV to this prospectus.

GENERAL MANDATE TO BUY BACK SHARES

Our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to buy back our Shares with an aggregate par value of not more than 10.0% of the issued share capital of our Company immediately following completion of the Spin-Off and the Listing.

This mandate only relates to buy back made on the Stock Exchange, or any other approved stock exchange(s) on which our Shares are listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and which are made in accordance with all applicable laws and/or requirements of the GEM Listing Rules.

This mandate will expire at the earliest of:

(i) the conclusion of our Company's next annual general meeting, unless renewed by an ordinary resolution of the Shareholders in a general meeting, either unconditionally or subject to conditions; or
(ii) the expiration of the period within which our Company is required by law or the Articles of Association to hold our next annual general meeting; or
(iii) the time when such mandate is varied, revoked or renewed by an ordinary resolution of our Shareholders in a general meeting.

Further information on this buy-back mandate is set forth in the paragraphs under "A. Further information about our Company — 5. Buy-Back of our Shares" in Appendix IV to this prospectus.

CIRCUMSTANCES WHERE MEETINGS OF OUR COMPANY ARE REQUIRED

Pursuant to the Companies Law and the terms of the Memorandum and the Articles, our Company may from time to time by ordinary resolution of Shareholders (i) increase our capital; (ii) consolidate and divide our capital into Shares of larger amount; (iii) divide our Shares into several classes; (iv) subdivide our Shares into Shares of smaller amount; and (v) cancel any Shares which have not been taken. In addition, our Company may subject to the provisions of the Companies Law reduce our share capital or capital redemption reserve by our Shareholders passing a special resolution. Further information on the above is set forth in the paragraphs under "Summary of the Constitution of our Company and Cayman Islands Company Law — 2. Articles of Association — Alteration of capital" in Appendix III to this prospectus.

Pursuant to the Companies Law and the terms of the Memorandum and the Articles, all or any of the special rights attached to the Shares or any class of Shares may be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in par value of the issued Shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the Shares of that class. Further information on the above is set forth in the paragraphs under "Summary of the Constitution of our Company and Cayman Islands Company Law — 2. Articles of Association — Variation of rights of existing shares or classes of shares" in Appendix III to this prospectus.

CONTROLLING SHAREHOLDERS

Immediately after completion of the Xinyi Glass Distribution, the Spin-Off and the Listing, our Controlling Shareholders will beneficially own 51.346% of our Shares in issue. All of our Shares held by our Controlling Shares are transferred to them under the Xinyi Glass Distribution. The following table sets forth our Controlling Shareholders immediately after completion of the Listing:

Name of our Controlling Shareholders (who are Xinyi Glass Controlling Shareholders)	Nature of interest and capacity	Number of our Shares held immediately after completion of the Spin-Off and the Listing	Percentage of Shareholding immediately after completion of the Spin-Off and the Listing
			(%)
			51.346
Datuk LEE Yin Yee, B.B.S. .	Interest in controlled corporation	90,651,194	16.784
	Interest in controlled corporation[(1)]	3,696,750	0.684
	Personal interest	10,679,250	1.977
	Interest in persons acting in concert[(2)]	277,327,382.38	51.346
Mr. TUNG Ching Bor	Interest in a controlled corporation	33,345,807	6.174
	Interest in controlled corporation[(1)]	3,696,750	0.684
	Personal interest	3,450,000	0.639
	Interest in persons acting in concert[(2)]	277,327,382.38	51.346
Mr. TUNG Ching Sai	Interest in a controlled corporation[(3)]	30,866,572.38	5.715
	Interest in controlled corporation[(1)]	3,696,750	0.684
	Personal interest	12,338,250	2.284
	Interest in persons acting in concert[(2)]	277,327,382.38	51.346
Mr. LEE Sing Din	Interest in a controlled corporation	31,449,386.13	5.823
	Interest in controlled corporation[(1)]	3,696,750	0.684
	Personal interest	2,596,250	0.481
	Interest in persons acting in concert[(2)]	277,327,382.38	51.346
Mr. LI Ching Wai	Interest in a controlled corporation	14,572,608.50	2.698
	Interest in controlled corporation[(1)]	3,696,750	0.684
	Interest in persons acting in concert[(2)]	277,327,382.38	51.346
Mr. LI Man Yin	Interest in a controlled corporation	9,880,238.88	1.829
	Interest in controlled corporation[(1)]	3,696,750	0.684
	Personal interest	292,500	0.054
	Interest in persons acting in concert[(2)]	277,327,382.38	51.346

Name of our Controlling Shareholders (who are Xinyi Glass Controlling Shareholders)	Nature of interest and capacity	Number of our Shares held immediately after completion of the Spin-Off and the Listing	Percentage of Shareholding immediately after completion of the Spin-Off and the Listing
			(%)
Mr. SZE Nang Sze	Interest in a controlled corporation	13,203,847.63	2.445
	Interest in controlled corporation(1)	3,696,750	0.684
	Personal interest	35,000	0.006
	Interest in persons acting in concert(2)	277,327,382.38	51.346
Mr. NG Ngan Ho	Interest in a controlled corporation	9,731,739	1.802
	Interest in controlled corporation(1)	3,696,750	0.684
	Personal interest	325,000	0.060
	Interest in persons acting in concert(2)	277,327,382.38	51.346
Mr. LI Ching Leung	Interest in a controlled corporation	9,731,738.88	1.802
	Interest in controlled corporation(1)	3,696,750	0.684
	Personal interest	481,250	0.089
	Interest in persons acting in concert(2)	277,327,382.38	51.346

Notes:

(1) The interests in our Shares are held through Full Guang Holdings Limited ("**Full Guang**"), a company incorporated in the BVI with limited liability on 19 December 2005. Full Guang is owned by Datuk LEE Yin Yee, B.B.S. as to 33.98%, Mr. TUNG Ching Bor as to 16.20%, Mr. TUNG Ching Sai as to 16.20%, Mr. LEE Sing Din as to 11.85%, Mr. LI Ching Wai as to 5.56%, Mr. NG Ngan Ho as to 3.70%, Mr. LI Man Yin as to 3.70%, Mr. SZE Nang Sze as to 5.09% and Mr. LI Ching Leung as to 3.70%.

(2) Pursuant to the Shareholders' Agreement, each of the parties has agreed to grant a right of first offer to the other parties if any of them intends to sell their Shares allotted to them under the Xinyi Glass Distribution.

(3) The interests in our Shares are held through Copark Investment Limited ("**Copark**"), a company incorporated in the BVI with limited liability and wholly-owned by Mr. TUNG Ching Sai.

BACKGROUND OF XINYI GLASS, XINYI GLASS (BVI) AND XINYI GLASS (HONG KONG)

Xinyi Glass was established in the Cayman Islands on 25 June 2004 and is an investment holding company, with its subsidiaries (including members of our Group prior to completion of the Spin-Off and the Listing) principally engaged in the production and sales of automobile glass, construction glass, float glass and a variety of related products in China as well as international markets. All Xinyi Glass Shares have been listed on the Main Board since 3 February 2005. Xinyi Glass (BVI) was established in the BVI on 13 June 2002 as an investment holding company. Xinyi Glass (Hong Kong) was established in Hong Kong on 2 June 1989 for investment holding and export sales following completion of Reorganisation. Xinyi Glass (BVI) and Xinyi Glass (Hong Kong) are wholly-owned subsidiaries of Xinyi Glass.

As of the Latest Practicable Date, the Xinyi Glass Controlling Shareholders are as follows:

Name of Shareholders	Nature of interest	Number of Xinyi Glass Shares held	Percentage of the Xinyi Glass Shares in issue
			(%)
Datuk LEE Yin Yee, B.B.S.	Interest of a controlled corporation[1]	725,209,552	18.687
	Interest of a controlled corporation[14]	29,574,000	0.762
	Personal interest[2]	85,434,000	2.201
Mr. TUNG Ching Bor	Interest of a controlled corporation[3]	266,766,456	6.874
	Interest of a controlled corporation[14]	29,574,000	0.762
	Personal interest[4]	27,600,000	0.711
Mr. LEE Sing Din	Interest of a controlled corporation[13]	251,595,089	6.483
	Interest of a controlled corporation[14]	29,574,000	0.762
	Personal interest	20,770,000	0.535
Mr. TUNG Ching Sai	Interest of a controlled corporation[5]	246,932,579	6.363
	Interest of a controlled corporation[14]	29,574,000	0.762
	Personal interest	2,908,000	0.075
	Personal interest[6]	95,798,000	2.468
Mr. LI Ching Wai	Interest of a controlled corporation[7]	116,580,868	3.004
	Interest of a controlled corporation[14]	29,574,000	0.762
Mr. SZE Nang Sze	Interest of a controlled corporation[8]	105,630,781	2.722
	Interest of a controlled corporation[14]	29,574,000	0.762
	Personal interest	280,000	0.007

Name of Shareholders	Nature of interest	Number of Xinyi Glass Shares held	Percentage of the Xinyi Glass Shares in issue (%)
Mr. NG Ngan Ho	Interest of a controlled corporation[9]	77,853,912	2.006
	Interest of a controlled corporation[14]	29,574,000	0.762
	Personal interest	2,600,000	0.067
Mr. LI Man Yin	Interest of a controlled corporation[10]	79,041,911	2.006
	Interest of a controlled corporation[14]	29,574,000	0.762
	Personal interest[11]	2,340,000	0.060
Mr. LI Ching Leung	Interest of a controlled corporation[12]	77,853,911	2.006
	Interest of a controlled corporation[14]	29,574,000	0.762
	Personal interest	3,450,000	0.089
	Personal interest[15]	400,000	0.010

Notes:

(1) Datuk LEE Yin Yee, B.B.S.'s interests in Xinyi Glass Shares are held through Realbest Investment Limited ("**Realbest**"), a company incorporated in the BVI with limited liability and wholly-owned by Datuk LEE Yin Yee, B.B.S.

(2) Datuk LEE Yin Yee, B.B.S.'s interests in Xinyi Glass Shares are held through a joint account with his spouse, Madam TUNG Hai Chi.

(3) Mr. TUNG Ching Bor's interests in Xinyi Glass Shares are held through High Park Technology Limited ("**High Park**"), a company incorporated in the BVI with limited liability and wholly-owned by Mr. TUNG Ching Bor.

(4) Mr. TUNG Ching Bor's interests in Xinyi Glass Shares are held through a joint account with his spouse, Madam KUNG Sau Wai.

(5) Mr. TUNG Ching Sai's interests in Xinyi Glass Shares are held through Copark.

(6) Mr. TUNG Ching Sai's interests in Xinyi Glass Shares are held through his spouse, Madam SZE Tang Hung.

(7) Mr. LI Ching Wai's interests in Xinyi Glass Shares are held through Goldbo International Limited ("**Goldbo**"), a company incorporated in the BVI with limited liability and wholly-owned by Mr. LI Ching Wai.

(8) Mr. SZE Nang Sze's interests in Xinyi Glass Shares are held through Goldpine Limited ("**Goldpine**"), a company incorporated in the BVI with limited liability and wholly-owned by Mr. SZE Nang Sze.

(9) Mr. NG Ngan Ho's interests in Xinyi Glass Shares are held through Linkall Investment Limited ("**Linkall**"), a company incorporated in the BVI with limited liability and wholly-owned by Mr. NG Ngan Ho.

(10) Mr. LI Man Yin's interests in Xinyi Glass Shares are held through Perfect All Investments Limited ("**Perfect All**"), a company incorporated in the BVI with limited liability and wholly-owned by Mr. LI Man Yin.

(11) Mr. LI Man Yin's interests in Xinyi Glass Shares are held through a joint account with his spouse, Madam LI Sau Suet.

(12) Mr. LI Ching Leung's interests in Xinyi Glass Shares are held through Herosmart Holdings Limited ("**Herosmart**"), a company incorporated in the BVI with limited liability and wholly-owned by Mr. LI Ching Leung.

(13) Mr. LEE Sing Din's interest in Xinyi Glass Shares are held through Telerich Investment Limited ("**Telerich**"), a company incorporated in the BVI with limited liability and wholly-owned by Mr. LEE Sing Din.

(14) The interests in Xinyi Glass Shares are held through Full Guang Holdings Limited ("**Full Guang**"), a company incorporated in the BVI with limited liability on 19 December 2005. Full Guang is owned by Datuk LEE Yin Yee, B.B.S. as to 33.98%, Mr. TUNG Ching Bor as to 16.20%, Mr. TUNG Ching Sai as to 16.20%, Mr. LEE Sing Din as to 11.85%, Mr. LI Ching Wai as to 5.56%, Mr. NG Ngan Ho as to 3.70%, Mr. LI Man Yin as to 3.70%, Mr. SZE Nang Sze as to 5.09% and Mr. LI Ching Leung as to 3.70%.

(15) Mr. LI Ching Leung's interests in Xinyi Glass Shares are held through his spouse Madam DY Maria Lumin.

NON-DISPOSAL UNDERTAKINGS GIVEN BY OUR CONTROLLING SHAREHOLDERS

Each of our Controlling Shareholders has given a number of undertakings to our Company and the Stock Exchange pursuant to the acquirements under the GEM Listing Rules.

OUR SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following completion of the Spin-Off and the Listing, except for our Controlling Shareholders, our Company has no other substantial shareholders (as defined in the GEM Listing Rules).

DELINEATION OF BUSINESS BETWEEN OUR GROUP AND THE REMAINING GROUP

Prior to the Reorganisation, our business was part of the automobile glass business segment of the Xinyi Glass Group. The other two business segments of the Xinyi Glass Group are construction glass and float glass. Following completion of the Spin-Off and the Listing, the Remaining Group will continue to have three business segments, and we will focus on the provision of vehicle glass repairs and replacement services in Hong Kong. The table below illustrates the key differences in the businesses of our Group and the Remaining Group as of the date of this prospectus:

	Our Group	Remaining Group
Services/products	Provision of vehicle glass repairs and replacement services in Hong Kong.	Production and marketing of automobile glass, construction glass, float glass and a variety of related products. The glass products are sold to customers of the Remaining Group with no vehicle glass installation services provided in Hong Kong.
Nature of production facilities	We are a servicing business and hence, the services are delivered to our customers at our service centres in Hong Kong or at such other locations as requested by our customers and agreed by us.	The principal production facilities of the Remaining Group are situated at Shenzhen, Dongguan and Jiangmen, Guangdong Province; Wuhu, Anhui Province; Tianjin; Yingkou, Liaoning Province and Deyang, Sichuan Province of the PRC.
	Installation of vehicle glass onto vehicles with no production of the vehicle glass products involved.	The production of different glass products involves various production process: including melting of raw melted materials at furnaces, processing the raw materials into float glass sheets and cutting and finishing of the float glass sheets into different sizes and thicknesses and specifications for different purposes; processing of raw materials into automobile glass by thermal treatments of tempering, bending and laminating; and processing of raw materials into construction glass by coating and insulating.
Customers	Individual owners of motor vehicles in Hong Kong, companies engaged in road transportation business and insurance companies.	Automobile glass wholesalers and manufacturers, curtain wall installation engineering companies and other glass manufacturers.

	Our Group	Remaining Group
Consumables/ materials and suppliers	Vehicle glass products, glass rubber strips and glass glue sourced from the Independent Third Parties and the Remaining Group.	The major raw materials are soda ash, glauber's salt PVB layers and coating materials, ordinary silica sand, dolomite ordinary, common limestone, feldspar and toner. Major suppliers of raw materials: manufacturers of soda ash and glauber's salt and one of the main sources of silica sand is from Beihai in Guangxi.
Patent and technical know-how and its ownership (if any)	We are a servicing business and hence, the quality of services is important to our customers.	Separate patents held by members of the Remaining Group.

Following completion of the Spin-Off and the Listing, we will not be engaged in the Vehicle Glass Trading Business without providing the installation service. We will be engaged in Automobile Glass Installation Business only. The Vehicle Glass Trading Business will continue to be conducted by the Remaining Group following completion of the Reorganisation. On this basis, our Directors believe that there is a clear delineation between the Automobile Glass Installation Business and the business engaged by the Remaining Group as a supplier of automobile glass, construction glass, float glass and related products.

INDEPENDENCE FROM THE REMAINING GROUP AND OUR CONTROLLING SHAREHOLDERS

Controlling Shareholders

Immediately after completion of the Xinyi Glass Distribution, the Spin-Off and the Listing, our Controlling Shareholders will beneficially own 51.346% of our Shares in issue. Further information is set forth in the section headed "Controlling Shareholders and Substantial Shareholders" in this prospectus. As our Controlling Shareholders are together entitled to exercise or control the exercise of 30% or more of the voting power at general meetings of our Company, our Controlling Shareholders are a group of controlling shareholders as defined under the GEM Listing Rules.

Our Directors consider that we operate independently from the Remaining Group and our Controlling Shareholders following completion of the Spin-Off and the Listing in the following aspects:

Management independence

Our Company and Xinyi Glass have separate boards of directors that function independently. The following table sets forth the directorship of our Company and Xinyi Glass following completion of the Spin-Off and the Listing:

	Our Company	**Xinyi Glass**
Executive Directors . .	Ms. LI Pik Yung	Datuk LEE Yin Yee, B.B.S. *(Chairman)*
	Mr. CHAN Chi Leung	Mr. TUNG Ching Bor
		Mr. TUNG Ching Sai
		Mr. LEE Shing Kan
Non-executive Directors	Mr. TUNG Ching Sai (*Chairman*)	Mr. LI Ching Wai
	Mr. LEE Shing Kan	Mr. SZE Nang Sze
		Mr. LI Ching Leung
		Mr. NG Ngan Ho
Independent non-executive Directors	Mr. WANG Guisheng	Mr. LAM Kwong Siu, S.B.S.
	Mr. NG Wai Hung	Mr. WONG Chat Chor, Samuel
	Mr. CHAN Hak Kan	Dr. WONG Ying Wai, G.B.S., JP.
		Mr. TRAN Chuen Wah, John
		Mr. TAM Wai Hung, David

Before completion of the Reorganisation, Ms. LI Pik Yung was responsible for the overall management of the Automobile Glass Installation Business. Ms. LI is our executive Director and will continue to manage our Group following the Spin-Off and the Listing.

Upon the Listing, our Company and Xinyi Glass will only have two overlapping directors, namely Mr. TUNG Ching Sai and Mr. LEE Shing Kan. Both Mr. TUNG and Mr. LEE are non-executive Directors and will not participate in our daily management and operation. Mr. TUNG will not be involved in the day-to-day management of our business, and will discharge his duties as the chairman and a non-executive Director through his involvement in the formulation of our business strategies, participation in key decision-making process (together with other Directors) and attending regular meetings of our Board and committees of our Board. Mr. LEE is a non-executive Director and will not participate our daily management and operation.

If there is any potential or actual conflict of interest for Mr. TUNG Ching Sai and/or Mr. LEE Shing Kan as Directors and Xinyi Glass Directors, they will abstain from voting at the meetings of our Board on the relevant resolutions. This arrangement is included in the relevant appointment letter/service contract entered into with each of them.

Other than Mr. TUNG Ching Sai and Mr. LEE Shing Kan, our Board will have two executive Directors and three independent non-executive Directors, all of them are independent of the Xinyi Glass Board. These five Directors can form the necessary quorum to consider the resolutions presented

to our Board and have the necessary expertise and experience to ensure that decisions by our Board will be made taking into consideration the interests of our Company and our Shareholders as a whole.

The table below sets forth the senior management teams of our Group and the Remaining Group upon the Listing:

Our Group	The Remaining Group
Mr. SHI Chit Yuk (Chief Executive Officer)	Mr. LAU Sik Yuen (Company Secretary, Chief Financial Officer)
Mr. CHUNG Chun Man (Shop Manager)	Mr. XU Bi Zhong (Executive Vice President)
Mr. LI Fuk Kin (Shop Manager)	Mr. ZHA Xue Song (Vice President)
Mr. SZE Siu Lam (Shop Manager)	Mr. ZHANG Ming (Vice President)
Mr. LI Chun Chuen (Shop Manager)	Mr. YANG Yi (Vice President of construction glass division)

As illustrated above, there is no overlapping in the senior management between our Group and the Remaining Group. All members of our senior management team and our other employees are employed by members of our Group.

Operational independence

Separate administrative functions

The businesses of our Group and the Remaining Group are managed by different independent administrative departments located at different premises. We have our own administrative headquarters in Hong Kong. All administrative staff, technicians and repairmen are employees of our Group. Save for the lease of a premises in Tokwawan from Mr. LEE Shing Kan, who is our non-executive Director and an executive director of Xinyi Glass, further information of which is set forth in the section headed "Continuing Connected Transactions" in this prospectus, all properties currently used by us are leased from Independent Third Parties having no relationship with the Remaining Group. Accordingly, our administrative functions are operated independently from the Remaining Group.

Independent supply of consumables

The principal consumables used by our Group are vehicle glass, glass rubber strips and glass glue. The principal materials used by the Remaining Group are soda ash and glauber's, ordinary silica sand, dolomite ordinary, common limestone, feldspar and toner. Save as Supplier C, which is a distributor of glass glue and other chemicals, our Directors confirm that there are no overlapping suppliers between the Remaining Group and our Group following the delineation of the business activities as a result of the Spin-Off and the Listing. The overlap supplier is due to the fact that we have established stable business relationship with Supplier C which can satisfy our demand for glass glue. During the Track Record Period, the amount of purchase from Supplier C represented 6.3% and 6.9% of our total purchase, respectively. Supplier C is an Independent Third Party, and we have separate contracts with this supplier independent from the Remaining Group.

The Remaining Group has been and will continue to be one of our suppliers of vehicle glass. Our Directors do not consider that we are relying on the Remaining Group for the supply of vehicle glass as we are able to source vehicle glass from other suppliers which can provide vehicle glass of similar specifications and quality at comparable prices. According to the *Ipsos Report*, Xinyi Glass Group is considered to be one of the relatively notable players of the world's vehicle glass manufacturing industry as its market share accounted for 2.9% in the global vehicle glass manufacturing industry in 2015. As one of the world's relatively notable vehicle glass manufacturers, our Directors consider that the vehicle glass produced by the Remaining Group can satisfy our specifications and quality requirements. Our Directors consider that it would be in the interests of our Company to continue to source vehicle glass from the Remaining Group after the Spin-Off and the Listing. Further information on our purchase of vehicle glass from the Remaining Group is set forth under the paragraph headed "Continuing Connected Transactions — Purchase of vehicle glass" in this section and in the section headed "Continuing Connected Transactions" in this prospectus.

Independence of our customers

The principal customers of our Group are individual owners of passenger vehicles in Hong Kong, companies engaged in the road transportation business and insurance companies. The principal customers of the Remaining Group are automobile glass wholesalers and manufacturers, curtain wall installation engineering companies and other glass manufacturers. Our Directors confirm that there are no overlapping customers between the Remaining Group and our Group following the delineation of the business activities a result of the Spin-Off and the Listing.

Continuing connected transactions

(a) Purchase of vehicle glass

Following the Listing, the purchase of vehicle glass from the Remaining Group will constitute a continuing connected transaction for our Company. Further information on which is set forth in the section headed "Continuing Connected Transactions" in this prospectus. Our Directors believe that the purchase of vehicle glass from the Remaining Group does not affect or impair our operational independence due to the following reasons:

(i) vehicle glass of the same specifications as supplied by the Remaining Group is readily available from other Independent Third Parties. We have entered into long-term supply agreements with three independent and approved suppliers, pursuant to which we are able to secure a constant supply of vehicle glass with the required specifications and at acceptable prices. The purchase from the Remaining Group, as a percentage of the total amount of our purchase of vehicle glass, decreased during the two years ended 31 December 2015; and

(ii) the overall strategy of our Group to become an independently operated business without undue reliance on the Remaining Group following the Spin-Off and the Listing as reflected in the amounts of annual caps determined for the purchase of vehicle glass from the Remaining Group for the three years ending 31 December 2018.

(b) Lease of shop premises

Following the Listing, the lease of shop premises from Mr. LEE Shing Kan and Mr. TUNG Fong Ngai in Tokwawan will constitute a continuing connected transaction for our Company. Mr. LEE Shing Kan is our non-executive Director and an executive Director of Xinyi Glass. Further information on this continuing connected transaction is set forth in the section headed "Continuing Connected Transactions" in this prospectus. Our Directors believe that the lease of shop premises from Mr. LEE

Shing Kan and Mr. TUNG Fong Ngai does not affect or impair our operational independence because the leased shop premises, which are currently used by our Group as one of our service centres, will be managed by our Group without the involvement of the lessors. The business activities conducted therein are independent from the lessors, and Mr. LEE Shing Kan is a non-executive Director with no involvement in our business. We also confirm that other shop premises from Independent Third Parties are readily available to be used as our service centres.

(c) Recharge of the fair value of the share options granted

Following the Listing, the recharge of the fair value of the share options granted by Xinyi Glass to our employees will constitute a continuing connected transaction for our Company. Pursuant to the share option scheme currently adopted by Xinyi Glass, 20 employees of our Group have been granted share options which may, as of the date of this prospectus, allow the grantees to subscribe for 1,123,000 Xinyi Glass Shares at different exercise prices up to the year ending 31 December 2020. The grant of the share options was part of the incentive provided by Xinyi Glass to our employees before the Spin-Off and the Listing. Further information on this is set forth in the section headed "Continuing Connected Transactions" in this prospectus.

Our Directors consider that the share options granted by Xinyi Glass are not part of the core compensation packages of our employees and as such, we do not rely on Xinyi Glass in providing incentives or compensation to our employees.

Discontinued related-party transactions

Our Directors confirm that the discontinued related-party transactions, i.e. the agency fee for purchase of glass glue to Xinyi Glass Japan Company Limited, were conducted on an arm's length basis and based on normal commercial terms. Further information on the discontinued related-party transactions is set forth in note 22 of the Accountant's Report in Appendix I to this prospectus. The consideration for the transactions was comparable to the terms of similar transactions with independent third parties. Such related-party transactions will not continue after the Listing.

Financial independence

We have incurred no material bank borrowings and other debts and no members of the Remaining Group has provided any guarantee or indemnity for the banking facilities currently used by our Group. Upon the Listing, there will be no amount due to the members of the Remaining Group other than trade-related payables. The finance functions of our Group are therefore independently managed with no reliance on the Remaining Group.

CORPORATE GOVERNANCE MEASURES FOR AVOIDING CONFLICT OF INTERESTS

In addition, our Company and Xinyi Glass, will implement the following corporate governance measures in order to manage conflict of interest following the Spin-Off:

(a) Any transaction made (or proposed to be made) between our Company and our connected persons will be required to comply with (i) Chapter 20 of the GEM Listing Rules which include, but without limitation to, where applicable, the announcement, reporting, and independent Shareholders' approval requirements and (ii) those other conditions imposed by the Stock Exchange for the granting of waiver from strict compliance with the relevant requirements under the GEM Listing Rules.

(b) If there is any conflict of interests in the operations of the Remaining Group and us, and in respect of any proposed contracts or arrangements entered into or to be entered into between the Remaining Group and us, any director of our Company and Xinyi Glass who is considered to be interested in the relevant matter will be required to disclose his interests to the respective boards of directors. Under the constitutional documents of both companies, if a director has any material interest in the matter tabled for decision, the relevant director may not vote on the resolution approving the matter and shall not be counted in the quorum of the relevant meeting of the boards of directors. Under the constitutional documents of both companies, a meeting of the board attended by the disinterested directors who have no material interest in the matter shall be convened for consideration and if appropriate, approval of the matter.

(c) Our disinterested Directors (including our independent non-executive Directors) will be responsible for deciding, without the attendance of any Director who has potential or actual conflict of interests, whether or not to take up a new business opportunity referred to us by the Remaining Group. In this connection, our Controlling Shareholders and our executive Directors have signed the Deed of Non-Competition for a clear delineation of the business activities between the Remaining Group and us. For the purpose of evaluating the merits of the business opportunity, our disinterested Directors (including our independent non-executive Directors) may engage independent professional advisers as they may consider necessary and appropriate.

(d) Our independent non-executive Directors shall be vested with the authority to review on semi-annual basis the compliance and the enforcement of the Deed of Non-Competition and will disclose decisions (with bases) on matters reviewed in the interim and the annual reports of our Company or by way of announcement to be published in compliance with the disclosure requirements under the GEM Listing Rules. The other parties to the Deed of Non-Competition will also undertake to provide all information necessary for the enforcement of the Deed of Non-Competition as required by our Company from time to time.

In light of the above measures to be implemented by the boards of directors of our Company and Xinyi Glass and the fact that all the directors of our Company and Xinyi Glass (other than Mr. TUNG Ching Sai and Mr. LEE Shing Kan) and the senior management teams are independent and are experienced in their respective business activities, the directors of both companies confirm that their respective boards of directors will be able to function and operate independently and effectively in the best interest of the respective companies.

DEED OF NON-COMPETITION

Our Directors believe that a legally binding contractual arrangement pursuant to the Deed of Non-Competition given by our Controlling Shareholders, our executive Directors and their respective associates (except for (i) members of our Group (ii) members of the Remaining Group and (iii) the Xinyi Glass Directors) would be the most appropriate arrangement to prevent any potential competing interests in future.

Each of our Controlling Shareholders and our executive Directors (collectively, the "**Covenantors**") has entered into the Deed of Non-Competition in favour of our Company, pursuant to which each of the Covenantors has undertaken severally (not jointly or jointly and severally) to us (for ourselves and on behalf of our subsidiaries) that the Covenantors would not and would procure that their associates (except for (i) members of our Group (ii) members of the Remaining Group)

would not, during the period that the Deed of Non-Competition remains effective, directly or indirectly, either on such Covenantor's own account or in conjunction with or on behalf of any person, firm or company, among other things, carry on, participate or be interested or engaged in or acquire or hold (in each case whether as a shareholder, partner, agent, employee or otherwise) the Automobile Glass Installation Business.

The Deed of Non-Competition is proposed to be restricted to the Automobile Glass Installation Business and shall cease if the Controlling Shareholders cease to be the controlling shareholders (as such term is defined under the GEM Listing Rules) of our Company. As members of our Group will cease to be subsidiaries of the Remaining Group, the Deed of Non-Competition will not be applicable to new business activities that may be engaged by our Group following the Listing.

For the avoidance of doubt, the above undertaking does not apply to:

(a) the holding by any of the Covenantors of interests in the shares of a company other than our Group which are listed on a recognised stock exchange provided that:

    (i) the business that competes with our business and conducted or engaged in by such company (and assets relating thereto) accounts for less than five per cent. of that company's consolidated turnover or consolidated assets, as shown in that company's latest audited accounts; or
    (ii) the total number of the Shares held by the Covenantors and/or their respective associates in aggregate does not exceed five per cent. of the issued shares of that class of the company in question and the Covenantors and/or their respective associates are not entitled to appoint a majority of the directors of that company and at any time there should exist at least another shareholder of that company whose shareholdings in that company should be more than the total number of shares held by the Covenantors and their respective associates in aggregate; and

(b) the existing equity interest of 18.21% of the Covenantors in ZMFY Automobile Glass Services Limited ("**ZMFY**"), a company listed on GEM (stock code: 08135) subject to the following conditions:

    (i) there will be no increase in the shareholding held by the Covenantors in ZMFY, starting from the date of the Deed of Non-Competition and as long as the Deed of Non-Competition remains effective; and
    (ii) the Covenantors and their respective associates and the Directors will not participate in the management of ZMFY in whatever capacity.

DISCLOSURE UNDER RULE 11.04 OF THE GEM LISTING RULES

Xinyi Glass is currently interested in 18.21% of the shares of ZMFY. ZMFY is an automobile glass installation/repair service provider in the PRC, which is principally engaged in the sales of automobile glass with installation/repair services and the trading of automobile glass in the PRC. Based on the latest disclosure of ZMFY, our Directors are not aware of any business plan that ZMFY would expand its business operation to Hong Kong. Our current business plan also does not include any expansion plan of our vehicle glass repairs and replacement services to the PRC. None of the Xinyi Glass Controlling Shareholders or the Xinyi Glass Directors hold any directorship in ZMFY, nor is the Xinyi Glass Controlling Shareholders entitled to any special shareholder's rights (such as information right or management right) in ZMFY. There is no overlapping management between Xinyi Glass and ZMFY. Xinyi Glass is a passive equity investor of ZMFY and does not have any control

on the business development of ZMFY. Xinyi Glass has provided a written confirmation that it would not increase its existing equity interest of 18.21% in ZMFY. The Directors believe that such confirmation from Xinyi Glass is sufficient for the purpose due to the reasons set forth above.

The Sole Sponsor and our Company, therefore, consider that the business of ZMFY does not compete or is unlikely to compete, directly or indirectly, with our business.

None of our Controlling Shareholders, our Directors and their respective close associates is interested in any business apart from the business operated by us which competes or is likely to compete, directly or indirectly, with our business under Rule 11.04 of the GEM Listing Rules.

UNDERWRITERS

The Sole Lead Manager

RHB Securities Hong Kong Limited

Co-Managers

Gransing Securities Co., Limited
Kingsway Financial Services Group Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Underwriting Agreement

In connection with the Hong Kong Public Offering, our Company has entered into the Hong Kong Underwriting Agreement with, among others, the Underwriters. Subject to the Stock Exchange granting the listing of, and permission to deal in, our Shares in issue and to be issued pursuant to the Hong Kong Public Offering on GEM and certain other conditions set forth in the Hong Kong Underwriting Agreement, the Underwriters have agreed to subscribe or procure subscriptions for the Hong Kong Offer Shares now being offered but which are not taken up under the Hong Kong Public Offering on the terms and conditions of this prospectus, the Application Forms and the Hong Kong Underwriting Agreement.

Grounds for termination

The obligations of the Underwriters to subscribe or procure subscribers for the Hong Kong Offer Shares under the Hong Kong Underwriting Agreement are subject to termination if, at any time before 8:00 a.m. on the Listing Date:

(a) there develops, occurs, exists or comes into force:

  (i) any change or development involving a prospective change, or any event or series of events resulting in or representing a change or development, or prospective change or development, in local, national, regional or international financial, political, military, industrial, economic, currency market, fiscal, regulatory or market conditions (including, without limitation, conditions in stock and bond markets, money and foreign exchange markets and inter-bank markets and credit markets) in or affecting Hong Kong, China, the United States of America, any member of the European Union, Singapore, Japan, the United Kingdom, the Cayman Islands, the BVI or any other jurisdiction relevant to any member of our Group (collectively the "**Relevant Jurisdictions**"); or

  (ii) any new laws, rules, statutes, ordinances, regulations, guidelines, opinions, notices, circulars, orders, judgements, decrees or rulings of any governmental authority (the "**Laws**") or change or development involving a prospective change in the existing Laws or any change or development involving a prospective change in the interpretation or application of the existing Laws by any court or other competent authority of the Law, in each case, in or affecting any of the Relevant Jurisdictions; or

(iii) any event or series of events in the nature of force majeure (including, without limitation, acts of government, economic sanctions, volcanic eruption, strikes, lock-outs, fire, explosion, flooding, epidemics, pandemics, outbreak of diseases, civil commotion, riot, public disorder, acts of war, acts of terrorism (whether or not responsibility has been claimed), acts of God) in or affecting any of the Relevant Jurisdictions; or

(iv) any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency, declaration of a national or international emergency or war, or calamity or crisis in or affecting any of the Relevant Jurisdictions; or

(v) any, moratorium, suspension of, or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) on, trading in shares or securities generally on the Stock Exchange, the New York Stock Exchange, the American Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange or the Tokyo Stock Exchange or a general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent authority), New York (imposed at Federal or New York State level or other competent authority), London, or any of the other Relevant Jurisdictions or any disruption in commercial banking activities or foreign exchange trading or securities settlement or clearance services procedures or matters in or affecting any of the Relevant Jurisdictions; or

(vi) the imposition of economic sanctions, in whatever form, directly or indirectly, by, or for, or affecting any of the Relevant Jurisdictions; or

(vii) any change or development involving a prospective change in taxation or exchange controls, currency exchange rates or foreign investment regulations in any of the Relevant Jurisdictions (including without limitation a material devaluation of the Hong Kong dollar or the Renminbi against any foreign currencies) or the implementation of any exchange control in any of the Relevant Jurisdictions; or

(viii) any authority or political body or organisation (collectively the "**Organisations**") commencing any action, proceedings or investigation against any member of our Group, any Controlling Shareholder or any Director or the chief executive officer or an announcement by any of the Organisations that it intends to take any such action; or

(ix) any litigation or claim being threatened or instigated against any member of our Group any Controlling Shareholder or any Director or the chief executive officer or the chief financial officer of our Company; or

(x) any Director or the chief executive officer or the chief financial officer of our Company being charged with an indictable offence or prohibited by operation of Law or otherwise disqualified from taking part in the management of a company; or

(xi) any Director or the chairman or chief executive officer of our Company vacating his or her office; or

(xii) a contravention by any member of our Group of the GEM Listing Rules or any applicable Law; or

(xiii) a prohibition by a competent authority on our Company for whatever reason from offering, allotting, issuing or selling any of the Hong Kong Offer Shares under the terms of the Hong Kong Public Offering; or

(xiv) any non-compliance of this prospectus, the relevant offering circulars (or any other documents used in connection with the subscription and purchase of the Hong Kong Offer Shares) or any aspect of the Hong Kong Public Offering with the Companies (Miscellaneous Provisions) Ordinance, the GEM Listing Rules or any other applicable Law; or

(xv) the issue or requirement to issue by our Company of a supplement or amendment to this prospectus (or to any other documents used in connection with the subscription or sale of the Hong Kong Offer Shares) under the Companies (Miscellaneous Provisions) Ordinance, the GEM Listing Rules or any requirement or request of the Stock Exchange and/or the SFC; or

(xvi) an order or petition is presented for the winding up or liquidation of any member of our Group or bankruptcy of any Director, or any member of our Group or any Director makes any composition or arrangement with our creditors or enters into a scheme of arrangement, or any resolution is passed for the winding up of any member of our Group, or a provisional liquidator, receiver or manager is appointed to take over all or part of the assets or undertaking of any member of our Group or any analogous matter occurs in respect of any member of our Group,

and which, in any such case and in the reasonable opinion of the Sole Lead Manager (for itself and on behalf of the Underwriters),

(1) is or will or may or is likely to be materially adverse to, or materially and prejudicially affect, the business, management, general affairs, shareholders' equity, financial or trading position or prospects of our Group as a whole; or

(2) has or will have or may have or is likely to have a material adverse effect on the success of the Hong Kong Public Offering or the level of applications under the Hong Kong Public Offering; or

(3) makes or will or may make or is likely to make it impracticable, inadvisable or inexpedient to proceed with the Hong Kong Public Offering or the delivery of the Hong Kong Offer Shares on the terms and in the manner contemplated by this prospectus; or

(4) has or will have or may have the effect of making any part of the Hong Kong Underwriting Agreement (including the underwriting provision therein contained) incapable of performance in accordance with its terms; or

(b) there has come to the notice of the Sole Lead Manager after the date of the Hong Kong Underwriting Agreement:

(i) any statement or information, or any matter or circumstance that renders or could render any statement or information, contained in this prospectus, the Application Forms, the formal notice and/or any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment to any of the documents) (collectively the **"Offer Documents**") was or has or may become, untrue, incorrect or misleading in any respect or that any estimate, forecast, expression of opinion, intention or expectation expressed in any Offer Document is not or may not be, in the reasonable opinion of the Sole Lead Manager, fair and honest based on reasonable grounds or, where applicable, based on reasonable assumptions; or

(ii) any matter or circumstance has arisen or has been discovered immediately before the date of this prospectus and not having been disclosed in this prospectus, constitute a

material omission from any of the Offer Documents and/or in any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto); or

(iii) any breach of, or any event rendering untrue, incorrect or misleading in any respect, any of the warranties or confirmations given by our Company, the executive Directors in the Hong Kong Underwriting Agreement; or

(iv) any breach of any of the obligations imposed upon any party to the Hong Kong Underwriting Agreement (other than the Underwriters); or

(v) any event, act or omission which gives or may give or is likely to give rise to any liability of any of our executive Directors and our Company pursuant to the indemnity provisions under the Hong Kong Underwriting Agreement; or

(vi) any material adverse effect or development or prospective material adverse effect or development in the conditions, business, general affairs, management, prospects, assets, liabilities, shareholders' equity, profits, losses, operating results, the financial or trading position or performance of any member of our Group; or

(vii) approval by the Stock Exchange of the listing of, and permission to deal in, our Shares is refused or not granted on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or

(viii) our Company withdraws any of the Offer Documents (and any other documents used in connection with the contemplated subscription and sale of the Hong Kong Offer Shares) or the Hong Kong Public Offering.

UNDERTAKINGS TO THE STOCK EXCHANGE UNDER THE GEM LISTING RULES

Under Rule 17.29 of the GEM Listing Rules, we have undertaken to the Stock Exchange that we will not issue any further Shares or securities convertible into our equity securities (whether or not of a class already listed) or enter into any agreement to such issue within six months from the Listing Date (whether or not such issue of Shares or our securities will be completed within six months from the commencement of dealing), except pursuant to the Capitalisation Issue and the Hong Kong Public Offering (including the exercise of any options which may be granted under the Share Option Scheme) or for the circumstances provided under Rule 17.29 of the GEM Listing Rules.

Information on the undertakings given by our Controlling Shareholders to us and the Stock Exchange pursuant to the requirements under the GEM Listing Rules is set forth in the section headed "Controlling Shareholders and Substantial Shareholders" in this prospectus.

UNDERTAKINGS UNDER THE HONG KONG UNDERWRITING AGREEMENT

Undertaking by our Company

We have undertaken to each of the Sole Sponsor, the Sole Lead Manager and the Underwriters that at any time from the date of the Hong Kong Underwriting Agreement up to and including the date falling six months after the Listing Date (the "**First Six-month Period**"), our Company will not

(except for the issue of Shares under the Capitalisation Issue and the Hong Kong Public Offering) without the prior written consent of the Sole Lead Manager (on behalf of the Underwriters) and unless in compliance with the requirements set forth in the GEM Listing Rules:

(a) offer, accept subscription for, pledge, charge, mortgage, allot, issue, sell, assign, contract to allot, issue or sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, or repurchase, any of our share capital or securities of our Company or any interest in our securities or any voting right or any other right attaching thereto (including but not limited any securities convertible into, exercisable or exchangeable for, or that represent the right to receive such share capital or securities or any interest in our share or debt capital); or
(b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such share or debt capital or securities or any interest in our securities or any voting right or any other right attaching thereto; or
(c) offer or agree or contract to enter or enter into any transaction with the same economic effect as any transaction described in (a) or (b) above; or
(d) publicly announce any intention to enter into any transaction described in (a), (b) or (c) above,

whether any of the foregoing transactions described in (a), (b) or (c) above is to be settled by delivery of share capital or such other securities, in cash or otherwise. We further agree that in the event of an issue or a disposal of any Shares, securities or any interest of our securities or any voting right or any other right attaching thereto after the First Six-month Period, we will take all reasonable steps to ensure that such an issue or a disposal will not create a disorderly or false market for our Shares.

Undertaking by our Controlling Shareholders

Each of our Controlling Shareholders has undertaken with our Company, the Sole Sponsor, the Sole Lead Manager and the Underwriters that, our Controlling Shareholders will not, without the prior written consent of the Sole Lead Manager (for itself and on behalf of the Underwriters), at any time:

(i) during the First Six-month Period:

    (a) offer, pledge, charge, sell, contract to sell, sell any option or contract to purchase, purchase any option or grant, contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend, make any short sale or otherwise transfer or dispose of (nor enter into any agreement to transfer or dispose of or otherwise create any options, rights, interest or encumbrances in respect of), either directly or indirectly, conditionally or unconditionally, or cause us to repurchase, any of our share or debt capital or our other securities or any interest in our share or debt capital or any voting right or any other right attaching thereto (including but not limited to any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive, any of our share or debt capital or our other securities or any interest in our Share or debt capital whether now owned or subsequently acquired, owned directly by our Controlling Shareholders (including holding as a custodian) or with respect to which our Controlling Shareholders has beneficial ownership (collectively the "**Lock-up Shares**")). The foregoing restriction is expressly agreed to preclude our Controlling Shareholders from engaging in any hedging or other transaction which is designed to or which reasonably could be expected to lead to or result in a sale or disposition of the Lock-up Shares even if such Shares would be disposed of by someone other than our Controlling Shareholders. Such prohibited hedging or other

transactions would include without limitation any short sale or any purchase, sale or grant of any right (including without limitation any put or call option) with respect to any of the Lock-up Shares or with respect to any security that includes, relates to, or derives any significant part of its value from such Shares; or

(b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any of our share or debt capital or our other securities or any interest in our share or debt capital or any voting right or any other right attaching thereto; or

(c) offer or agree or contract to enter or enter into any transaction with the same economic effect as any transaction described in (i)(a) or (i)(b) above; or

(d) publicly announce any intention to enter into, any transaction described in (i)(a), (i)(b) or (i)(c) above,

whether any transaction described in (i)(a), (i)(b) or (i)(c) above is to be settled by delivery of Shares or such other securities in cash or otherwise; and

(ii) during the period of six months commencing on the date on which the First Six-month Period expires (the "**Second Six-month Period**") enter into any of the transactions in paragraphs (i)(a), (i)(b) or (i)(c) above or agree or contract to or publicly announce any intention to enter into any such transactions if, immediately following such transfer or disposal or upon the exercise or enforcement of such options, rights, interest or encumbrances, our Controlling Shareholders will cease to be our Controlling Shareholders. Each of our Controlling Shareholders further agrees that in the event of a disposal of any Shares, securities or any interest of our securities or any voting right or any other right attaching thereto after the Second Six-month Period, our Controlling Shareholders will take all reasonable steps to ensure that such a disposal will not create a disorderly or false market for our Shares.

Each of our Controlling Shareholder has undertaken to each of our Company, the Sole Sponsor, the Sole Lead Manager and the Underwriters that at any time during the period from the commencement of the First Six-month Period to the date on which the Second Six-month Period expires, it/he/she shall:

(a) if it/he/she pledges or charges or otherwise creates encumbrances over any Shares or securities of our Company or interests therein in respect of which it/he/she is the beneficial owner, whether directly or indirectly, immediately inform each of our Company, the Sole Sponsor, the Sole Lead Manager and the Underwriters in writing of any such pledges or charges or encumbrances and the number of Shares or securities of our Company so pledged or charged or encumbered; and

(b) if it/he/she receives any indication, either verbal or written, from any pledgee or chargee or encumbrance or such third party that any of the pledged, charged, encumbered Shares or other securities of our Company will be disposed of, immediately inform each of our Company, the Sole Sponsor, the Sole Lead Manager and the Underwriters in writing of any such indication.

INDEMNITY

We and our executive Directors have agreed to indemnify the Underwriters for certain losses which they may suffer, including losses arising from any breach by us of the respective obligations under the Hong Kong Underwriting Agreement.

COMMISSIONS AND EXPENSES

The Underwriters will receive a commission of 2.3% of the aggregate Offer Price payable for the Hong Kong Offer Shares, out of which they will pay any sub-underwriting commissions. The commissions payable to the Underwriters will be borne by our Company.

Underwriters' interest in our Group

Other than disclosed in the preceding paragraph and the obligations under the Hong Kong Underwriting Agreement, none of the Underwriters or any of their respective associates is interested beneficially or is non-beneficially interested in any shareholding interests in any member of our Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

1. HOW TO APPLY

To apply for Hong Kong Offer Shares, you may:

— use a **WHITE** or **YELLOW** Application Form;
— apply online via the **White Form eIPO** service at **www.eipo.com.hk**; or
— electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our Company, the Sole Lead Manager, the **White Form eIPO** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Hong Kong Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

— are 18 years of age or older;
— have a Hong Kong address;
— are outside the United States, and are not a U.S. Person (as defined in Regulation S); and
— are not a legal or natural person of the PRC.

If you apply online through the **White Form eIPO** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorised officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, our Company and the Sole Lead Manager may accept or reject it at their discretion and on any conditions they think fit, including the provision of evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of **White Form eIPO** service for the Hong Kong Offer Shares.

Unless permitted by the GEM Listing Rules, you cannot apply for any Hong Kong Offer Shares if you are:

— an existing beneficial owner of shares in our Company and/or any of its subsidiaries;
— a director or chief executive officer of our Company and/or any of its subsidiaries;
— a connected person of our Company or will become a connected person of our Company immediately upon completion of the Hong Kong Public Offering; or
— an associate of any of the above.

3. APPLYING FOR HONG KONG OFFER SHARES

Which application channel to Use

For Hong Kong Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through **www.eipo.com.hk**.

For Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Tuesday, 28 June 2016 until 12:00 noon on Monday, 4 July 2016 from:

(i) the following address of the Underwriters:
RHB Securities Hong Kong Limited at 12th Floor, World-Wide House, 19 Des Voeux Road Central, Hong Kong; or
Gransing Securities Co., Limited at Rooms 805-6, Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong; or
Kingsway Financial Services Group Limited at 7th Floor, Tower One, Lippo Centre, 89 Queensway, Hong Kong; or

(ii) the following branches of DBS Bank (Hong Kong) Limited:

District	Branch Name	Address
Hong Kong Island	United Centre Bank	Shops 1015-1018, 1/F & Shops 2032-2034, 2/F, United Centre, 95 Queensway, Admiralty
Kowloon	Tsimshatsui Branch	G/F, 22-24 Cameron Road, Tsim Sha Tsui
New Territories	Shatin Plaza Branch	Shop 47 & 48, Level 1, Shatin Plaza, No. 21-27 Sha Tin Centre Street, Shatin

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Tuesday, 28 June 2016 until 12:00 noon on Monday, 4 July 2016 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

Time for lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "Ting Hong Nominees Limited — Xinyi Hong Kong Public Offer" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving bank listed above, at the following times:

Tuesday, 28 June 2016 — 9:00 a.m. to 5:00 p.m.
Wednesday, 29 June 2016 — 9:00 a.m. to 5:00 p.m.
Thursday, 30 June 2016 — 9:00 a.m. to 5:00 p.m.
Saturday, 2 July 2016 — 9:00 a.m. to 1:00 p.m.
Monday, 4 July 2016 — 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Monday, 4 July 2016, the last application day or such later time described in the paragraphs under "10. Effect of Bad Weather on the Opening of the Application Lists" in this section.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **White Form eIPO** service, among other things, you (and if you are joint applicants, each of you jointly and severally) for yourself or as an agent or a nominee on behalf of each person for whom you act:

(i) undertake to execute all relevant documents and instruct and authorise our Company and/or the Sole Lead Manager (or its agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;

(ii) agree to comply with the Companies Ordinance, the Companies (Miscellaneous Provisions) Ordinance and the Articles of Association;

(iii) confirm that you have read the terms and conditions and application procedures set forth in this prospectus and in the Application Form and agree to be bound by them;

(iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;

(v) confirm that you are aware of the restrictions on the Hong Kong Public Offering in this prospectus;

(vi) agree that none of our Company, the Sole Sponsor, the Sole Lead Manager, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Hong Kong Public Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);

(vii) agree to disclose to our Company, our Hong Kong Share Registrar, the receiving bank, the Sole Sponsor, the Sole Lead Manager, the Underwriters, and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

(viii) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of our Company, the Sole Sponsor, and the Sole Lead Manager, the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;

(ix) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(x) agree that your application will be governed by the laws of Hong Kong;

(xi) represent, warrant and undertake that (i) you understand that Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(xii) warrant that the information you have provided is true and accurate;

(xiii) agree to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;

(xiv) authorise our Company to place your name(s) or the name of the HKSCC Nominees, on our Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and our Company and/or its agents to send any Share certificate(s) and/or any e-Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you fulfil the criteria mentioned in the paragraphs under "Personal collection" in this section to collect Share certificate and/or refund cheque;

(xv) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xvi) understand that our Company and the Sole Lead Manager will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

(xvii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **White Form eIPO** Service Provider by you or by any one as your agent or by any other person; and

(xviii) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional instructions for YELLOW Application Form

You may refer to the **YELLOW** Application Form for further information.

5. APPLYING THROUGH WHITE FORM eIPO SERVICE

General

Individuals who meet the criteria in "2. Who Can Apply" in this section above may apply through the **White Form eIPO** service for Hong Kong Offer Shares to be allotted and registered in their own names through the designated website at **www.eipo.com.hk**.

Detailed instructions for application through the **White Form eIPO** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the designated website, you authorise the **White Form eIPO** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO** service.

Time for submitting applications under the White Form eIPO

You may submit your application to the **White Form eIPO** Service Provider at **www.eipo.com.hk** (24 hours daily, except on the last application day) from 9:00 a.m. on Tuesday, 28 June 2016 until 11:30 a.m. on Monday, 4 July 2016 and the latest time for completing full payment

of application monies in respect of such applications will be 12:00 noon on Tuesday, 28 June 2016 or such later time set forth in the paragraphs under "10. Effects of Bad Weather on the Opening of the Applications Lists" in this section.

No multiple applications

If you apply by means of the **White Form eIPO**, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **White Form eIPO** service to make an application for the Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under the **White Form eIPO** more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **White Form eIPO** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under section 40 of the Companies (Miscellaneous Provisions) Ordinance (as applied by section 342E of the Companies (Miscellaneous Provisions) Ordinance.

Environmental protection

The obvious advantage of **White Form eIPO** is to save the use of papers via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited, being the designated **White Form eIPO** Service Provider, will contribute HK$2 for each "Xinyi Automobile Glass Hong Kong Enterprises Limited" **White Form eIPO** application submitted via the website **www.eipo.com.hk** to support the funding of "Source of Dong Jiang - Hong Kong Forest" project initiated by Friends of the Earth (HK).

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a **CCASS Investor Participant**, you may give these **electronic application instructions** through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System (**https://ip.ccass.com**) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Centre
1/F, One & Two Exchange Square
8 Connaught Place
Central, Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a **CCASS Investor Participant**, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Sole Lead Manager and our Hong Kong Share Registrar.

Giving electronic application instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for Hong Kong Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

(i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;
(ii) HKSCC Nominees will do the following things on your behalf:

— agree that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
— agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated;
— (if the **electronic application instructions** are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;
— (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorised to give those instructions as their agent;
— confirm that you understand that our Company, our Directors and the Sole Lead Manager will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;
— authorise our Company to place HKSCC Nominees' name on our Company's register of members as the holder of the Hong Kong Offer Shares allocated to you and to send Share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;
— confirm that you have read the terms and conditions and application procedures set forth in this prospectus and agree to be bound by them;
— confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set forth in any supplement to this prospectus;

— agree that none of our Company, the Sole Sponsor, the Sole Lead Manager, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Hong Kong Public Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);
— agree to disclose your personal data to our Company, our Hong Kong Share Registrar, the receiving bank, the Sole Lead Manager, the Underwriters and/or its respective advisers and agents;
— agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;
— agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under section 40 of the Companies (Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;
— agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Hong Kong Public Offering results;
— agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for giving **electronic application instructions** to apply for Hong Kong Offer Shares;
— agree with our Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies Ordinance, the Companies (Miscellaneous Provisions) Ordinance and the Articles of Association; and
— agree that your application, any acceptance of it and the resulting contract will be governed by the Laws of Hong Kong.

Effect of giving electronic application instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

— instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for Hong Kong Offer Shares on your behalf;

— instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and
— instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 4,000 Hong Kong Offer Shares. Instructions for more than 4,000 Hong Kong Offer Shares must be in one of the numbers set forth in the table in the Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Tuesday, 28 June 2016 — 9:00 a.m. to 8:30 p.m.(1)
Wednesday, 29 June 2016 — 8:00 a.m. to 8:30 p.m.(1)
Thursday, 30 June 2016 — 8:00 a.m. to 8:30 p.m.(1)
Saturday, 2 July 2016 — 8:00 a.m. to 1:00 p.m.(1)
Monday, 4 July 2016 — 8:00 a.m.(1) to 12:00 noon

Note:

(1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Tuesday, 28 June 2016 until 12:00 noon on Monday, 4 July 2016 (24 hours daily, except on the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Monday, 4 July 2016, the last application day or such later time as described in the paragraphs under "10. Effect of Bad Weather on the Opening of the application lists" in this section.

No multiple applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under section 40 of the Companies (Miscellaneous Provisions) Ordinance (as applied by section 342E of the Companies (Miscellaneous Provisions) Ordinance.

Personal data

The section of the Application Form headed "Personal Data" applies to any personal data held by our Company, the Hong Kong Share Registrar, the receiving bank, the Sole Lead Manager, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **White Form eIPO** service is also only a facility provided by the **White Form eIPO** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, our Directors, the Sole Sponsor, the Sole Lead Manager and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **White Form eIPO** service will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Monday, 4 July 2016.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for Hong Kong Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

— an account number; or
— some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through **White Form eIPO**, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

— the principal business of that company is dealing in securities; and

— you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange.

"Statutory control" means you:

— control the composition of the board of directors of the company;
— control more than half of the voting power of the company; or
— hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE HONG KONG OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Hong Kong Offer Shares under the terms set forth in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **White Form eIPO** service in respect of a minimum of 4,000 Hong Kong Offer Shares. Each application or **electronic application instruction** in respect of more than 4,000 Hong Kong Offer Shares must be in one of the numbers set forth in the table in the Application Form, or as otherwise specified on the designated website at **www.eipo.com.hk**.

If your application is successful, brokerage will be paid to the participants of the Stock Exchange, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

Further information on the Offer Price is set forth in the section headed "Hong Kong Public Offering — Price Determination" in this prospectus.

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

— a tropical cyclone warning signal number 8 or above; or
— a "black" rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Monday, 4 July 2016. Instead they will open between 11:45 a.m. and 12:00 noon on the next Business Day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Monday, 4 July 2016 or if there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section headed "Expected Timetable" in this prospectus, an announcement will be made in such event.

11. PUBLICATION OF RESULTS

We expect to announce the final Offer Price, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares on Friday, 8 July 2016 on our website (**www.xyglass.com.hk**) and the Stock Exchange's website (**www.hkexnews.hk**).

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and date and in the manner specified below:

— in the announcement to be posted on our website (**www.xyglass.com.hk**) and the Stock Exchange's website (**www.hkexnews.hk**) by no later than 8:00 a.m. on Friday, 8 July 2016;
— from the designated results of allocations website (**www.iporesults.com.hk**) with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Friday, 8 July 2016 to 12:00 midnight on Thursday, 14 July 2016;
— by telephone enquiry line by calling 2862 8669 between 9:00 a.m. and 10:00 p.m. from Friday, 8 July 2016 to Monday, 11 July 2016;
— in the special allocation results booklets which will be available for inspection during opening hours from Friday, 8 July 2016, Saturday, 9 July 2016 and Monday, 11 July 2016 at designated branches of the receiving bank.

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Hong Kong Public Offering are satisfied and the Hong Kong Public Offering is not otherwise terminated. Conditions of the Hong Kong Public Offering are set forth in the section headed "Hong Kong Public Offering — Conditions of the Hong Kong Public Offering" in this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED HONG KONG OFFER SHARES

You should note the following situations in which the Hong Kong Offer Shares will not be allotted to you:

(i) If your application is revoked:

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or the **White Form eIPO** Service Provider, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under section 40 of the Companies (Miscellaneous Provisions) Ordinance (as applied by section 342E of the Companies (Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If our Company or our agents exercise their discretion to reject your application:

Our Company, the Sole Lead Manager, the **White Form eIPO** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of Hong Kong Offer Shares is void:

The allotment of Hong Kong Offer Shares will be void if the Listing Department does not grant permission to list the Shares either:

— within three weeks from the closing date of the application lists; or
— within a longer period of up to six weeks if the Listing Department notifies our Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

— you make multiple applications or suspected multiple applications;
— your Application Form is not completed in accordance with the stated instructions;
— your **electronic application instructions** through the **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions on the designated website;
— your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
— the Hong Kong Underwriting Agreements do not become unconditional or are terminated;
— our Company or the Sole Lead Manager believes that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
— you apply for more than 27,500,000 Hong Kong Offer Shares.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum Offer Price of HK$0.70 (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with the section headed "Hong Kong Public Offering — Conditions of the Hong Kong Public Offering" of this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on or before Friday, 8 July 2016.

14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one Share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

— Share certificate(s) for all the Hong Kong Offer Shares allotted to you (for **YELLOW** Application Forms, Share certificates will be deposited into CCASS as described below); and

— refund cheque(s) crossed "Account Payee Only" in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on despatch/collection of Share certificates and refund monies as mentioned below, any refund cheques and Share certificates are expected to be posted on or before Friday, 8 July 2016. The right is reserved to retain any Share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier's order(s).

Share certificates will only become valid at 8:00 a.m. on Monday, 11 July 2016 provided that the Hong Kong Public Offering has become unconditional and the right of termination described in the section headed "Underwriting" in this prospectus has not been exercised. Investors who trade Shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

(i) If you apply using a WHITE Application Form

If you apply for 1,000,000 or more Hong Kong Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque and/or Share certificate from the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Friday, 8 July 2016 or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar.

If you do not collect your refund cheque and/or Share certificate personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your refund cheque and/or Share certificate will be sent to the address on the relevant Application Form on or before Friday, 8 July 2016, by ordinary post and at your own risk

(ii) If you apply using a YELLOW Application Form

If you apply for 1,000,000 Hong Kong Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque will be sent to the address on the relevant Application Form on or before Friday, 8 July 2016, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your Share certificate will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participants stock account as stated in your Application Form on Friday, 8 July 2016, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

— If you apply through a designated CCASS participant (other than a CCASS investor participant)

For Hong Kong Offer Shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Offer Shares allotted to you with that CCASS participant.

— If you are applying as a CCASS investor participant

Our Company will publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the manner described in the paragraph "11. Publication of Results" in this section above. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Friday, 8 July 2016 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) If you apply through the White Form eIPO Service

If you apply for 1,000,000 Hong Kong Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate from the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712—1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Friday, 8 July 2016, or such other date as notified by our Company in the newspapers as the date of despatch/collection of Share certificates/e-Refund payment instructions/refund cheques.

If you do not collect your Share certificate personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your Share certificate (where applicable) will be sent to the address specified in your application instructions on or before Friday, 8 July 2016 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque on or before, Friday, 8 July 2016 by ordinary post at your own risk.

(iv) If you apply via Electronic Application Instructions to HKSCC

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share certificates into CCASS and refund of application monies

— If your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Friday, 8 July 2016, or, on any other date determined by HKSCC or HKSCC Nominees.

— Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the manner specified in the paragraphs under "11. Publication of Result" in this section on Friday, 8 July 2016. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Friday, 8 July 2016 or such other date as determined by HKSCC or HKSCC Nominees.

— If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

— If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Friday, 8 July 2016. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

— Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Friday, 8 July 2016.

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, our Shares and we comply with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in our Shares or any other date HKSCC chooses.

Settlement of transactions between participants of the Stock Exchange (as defined in the GEM Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling our Shares to be admitted into CCASS.

The following is the text of a report received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. It is prepared and addressed to the directors of the Company and to the Sole Sponsor pursuant to the requirements of Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the Hong Kong Institute of Certified Public Accountants.

pwc 羅兵咸永道

28 June 2016

The Directors
Xinyi Automobile Glass Hong Kong Enterprises Limited

RHB Capital Hong Kong Limited

Dear Sirs,

We report on the financial information of Xinyi Automobile Glass Hong Kong Enterprises Limited (the "Company") and its subsidiaries (together, the "Group"), which comprises the consolidated balance sheets as at 31 December 2014 and 2015, the balance sheet of the Company as at 31 December 2015, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended 31 December 2014 and 2015 (the "Relevant Periods"), and a summary of significant accounting policies and other explanatory information. This financial information has been prepared by the directors of the Company and is set forth in Sections I to III below for inclusion in Appendix I to the prospectus of the Company dated 28 June 2016 (the "Prospectus") in connection with the offering of shares of the Company on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

The Company was incorporated in the Cayman Islands on 18 November 2015 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Pursuant to a group reorganisation as described in Note 1.2 of Section II headed "Reorganisation" below, which was completed on 14 December 2015, the Company became the holding company of the subsidiaries now comprising the Group (the "Reorganisation").

As at the date of this report, the Company has direct and indirect interests in the subsidiaries as set out in Note 1.2 of Section II below. All of these companies are private companies or, if incorporated or established outside Hong Kong, have substantially the same characteristics as a Hong Kong incorporated private company.

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

No audited financial statements have been prepared by the Company as it is newly incorporated and has not involved in any significant business transactions since its date of incorporation, other than the Reorganisation. The audited financial statements of the other companies now comprising the Group as at the date of this report for which there are statutory audit requirements have been prepared in accordance with the relevant accounting principles generally accepted in their respective places of incorporation. The details of the statutory auditors of these companies are set out in Note 1.2 of Section II.

The directors of the Company have prepared the consolidated financial statements of the Company and its subsidiaries now comprising the Group for the Relevant Periods, in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") (the "Underlying Financial Statements"). The directors of the Company are responsible for the preparation of the Underlying Financial Statements that gives a true and fair view in accordance with HKFRSs. We have audited the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing (the "HKSAs") issued by the HKICPA pursuant to separate terms of engagement with the Company.

The financial information has been prepared based on the Underlying Financial Statements, with no adjustment made thereon.

Directors' Responsibility for the Financial Information

The directors of the Group are responsible for the preparation of the financial information that gives a true and fair view in accordance with HKFRSs, and for such internal control as the directors determine is necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

Reporting Accountant's Responsibility

Our responsibility is to express an opinion on the financial information and to report our opinion to you. We carried out our procedures in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

Opinion

In our opinion, the financial information gives, for the purpose of this report, a true and fair view of the financial position of the Company as at 31 December 2015 and of the consolidated financial position of the Group as at 31 December 2014 and 2015 and of the Group's consolidated financial performance and cash flows for the Relevant Periods.

I. FINANCIAL INFORMATION OF THE GROUP

The following is the financial information of the Group prepared by the directors of the Company as at 31 December 2014 and 2015 and for each of the years ended 31 December 2014 and 2015 (the "Financial Information"):

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December	
	Notes	2014	2015
		HK$'000	HK$'000
Revenue	5	42,505	45,864
Cost of revenue	7	(25,719)	(28,357)
Gross profit		16,786	17,507
Other income	6	229	208
Selling and marketing costs	7	(3,331)	(3,675)
Administrative expenses	7	(1,753)	(16,690)
Operating profit/(loss)		11,931	(2,650)
Finance income		1	1
Profit/(loss) before income tax		11,932	(2,649)
Income tax expense	9	(1,999)	(1,894)
Profit/(loss) for the year		9,933	(4,543)
Other comprehensive income for the year		—	—
Total profit/(loss) and comprehensive income attributable to owners of the Company		9,933	(4,543)
Basic and diluted earnings/(loss) per share (HK cents per share)	10	2.05	(0.94)

CONSOLIDATED BALANCE SHEETS

	Notes	As at 31 December 2014	As at 31 December 2015
		HK$'000	HK$'000
ASSETS			
Non-current assets			
Plant and equipment	11	3,850	3,502
Leasehold land	12	9,481	9,181
		13,331	12,683
Current assets			
Inventories	13	7,603	9,183
Trade and other receivables	14	40,039	31,432
Cash and cash equivalents	15	6,112	25,252
		53,754	65,867
Total assets		67,085	78,550
EQUITY			
Equity attributable to owners of the Company			
Share capital	16	—	—
Reserves	17	57,978	62,805
Total equity		57,978	62,805
LIABILITIES			
Current liabilities			
Trade and other payables	18	8,881	15,529
Current income tax liabilities		226	216
Total liabilities		9,107	15,745
Total equity and liabilities		67,085	78,550
Net current assets		44,647	50,122
Total assets less current liabilities		57,978	62,805

BALANCE SHEET

	Notes	As at 31 December 2015 HK$'000
ASSETS		
Non-current asset		
Investment in a subsidiary	19	66,595
Total assets		66,595
EQUITY		
Share capital	16	—
Reserves	17	62,134
Total equity		62,134
LIABILITIES		
Current liability		
Other payables	18	4,461
Total liabilities		4,461
Total equity and liabilities		66,595
Net current liabilities		(4,461)
Total assets less current liabilities		62,134

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Reserves	Total
	HK$'000 (Note 16)	HK$'000 (Note 17)	HK$'000
Balance at 1 January 2014	—	47,602	47,602
Comprehensive income			
Profit for the year	—	9,933	9,933
Transactions with owners			
Employee's share option scheme:			
- Value of employee services	—	443	443
Balance at 31 December 2014 and 1 January 2015	—	57,978	57,978
Comprehensive income			
Loss for the year	—	(4,543)	(4,543)
Transactions with owners			
Employee's share option scheme:			
- Value of employee services	—	370	370
The Company's Reorganisation:			
- Issuance of shares and completion of the Reorganisation	—	—	—
Listing expenses borne by Xinyi Glass Group (as defined in Note 1.1) (Note 17(c))	—	9,000	9,000
Balance at 31 December 2015	—	62,805	62,805

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	Year ended 31 December 2014	2015
		HK$'000	HK$'000
Cash flows from operating activities			
Cash generated from operations	21	13,504	10,046
Income tax paid		(1,988)	(1,902)
Net cash generated from operating activities		11,516	8,144
Cash flows from investing activities			
Purchase of plant and equipment		(1,819)	(856)
Proceed from disposal of plant and equipment		101	192
Advance to a related company		(10,500)	—
Repayment from a related company		—	10,000
Interest received		1	1
Net cash (used in)/generated from investing activities		(12,217)	9,337
Cash flows from financing activities			
Advance from a related company		1,982	1,659
Net cash generated from financing activities		1,982	1,659
Net increase in cash and cash equivalents		1,281	19,140
Cash and cash equivalents at beginning of the year		4,831	6,112
Cash and cash equivalents at end of the year		6,112	25,252

II. NOTES TO THE FINANCIAL INFORMATION

1 General information and basis of presentation

1.1 General information

The Company was incorporated in the Cayman Islands on 18 November 2015 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands.

The Company is an investment holding company and the Group is a service provider of the installation of automobile glass products in Hong Kong (the "Automobile Glass Installation Business").

The ultimate holding company of the Company is Xinyi Glass Holdings Limited ("Xinyi Glass" or the "Controlling Shareholder"), a company whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited. Xinyi Glass and its subsidiaries, other than those in the Group, are collectively referred to as the "Xinyi Glass Group".

These Financial Information is presented in Hong Kong dollars ("HK$") unless otherwise stated.

1.2 Reorganisation

Prior to the completion of the group reorganisation ("Reorganisation") as described below, the Automobile Glass Installation Business was principally conducted through Xinyi Automobile Glass Company Limited ("Xinyi Automobile Glass"), an indirect wholly owned subsidiary of Xinyi Glass. During the Relevant Periods, Xinyi Automobile Glass also engaged in trading of automobile glass to certain overseas customers (the "Trading Business").

For the purpose of preparing for the listing of the shares of the Company on the Growth Enterprise Market Board of The Stock Exchange of Hong Kong Limited (the "Separate Listing"), the Reorganisation was undertaken, pursuant to which the Automobile Glass Installation Business will be conducted by the Group. The Trading Business will be conducted by the Xinyi Glass Group. The Reorganisation involved the following steps:

(a) On 18 November 2015, the Company was incorporated in the Cayman Islands as an exempted company with limited liability with an authorised share capital of HK$20,000,000,000 divided into 2,000,000,000,000 shares with par value of HK$0.01 each. On 18 November 2015, 100 shares were allotted and issued to Xinyi Automobile Glass (BVI) Company Limited ("Xinyi Glass (BVI)").

(b) On 1 December 2015, Xinyi Automobile Glass Enterprises Limited was incorporated in the British Virgin Islands ("BVI") as an exempted company with limited liability with an authorised share capital of US$50,000 divided into 50,000 shares with par value of US$1 each. On 1 December 2015, 100 shares were allotted and issued to the Company.

(c) On 13 December 2015, the Trading Business was transferred from Xinyi Automobile Glass to the Xinyi Glass Group.

(d) On 14 December 2015, all the 100,000 shares of Xinyi Automobile Glass were transferred from Xinyi International Investments Limited to Xinyi Automobile Glass Enterprises Limited at the consideration of 599 shares to be allotted and issued by the Company to Xinyi Glass (BVI) upon instruction of Xinyi International Investments Limited.

Since then, the Company becomes the holding company of the Group.

Upon completion of the Reorganisation and as of the date of this report, the Company has direct or indirect interests in the following subsidiaries:

Name of subsidiary	Date of incorporation/ establishment	Place of incorporation/ establishment	Issued and fully paid up share capital/ registered capital	Effective interest held by the Group			Principal activities	Notes
				As at 31 December		As at the date of the report		
				2014	2015			
Directly held								
Xinyi Automobile Glass Enterprises Limited	1 December 2015	BVI	100 shares paid up to US$100	N/A	100%	100%	Investment holding in Hong Kong	(i)
Indirectly held								
Xinyi Automobile Glass Company Limited	10 December 1991	Hong Kong	100,000 shares paid up to HK$100,000	100%	100%	100%	Trading and installation of automobile glass products in Hong Kong	(ii)

Notes:

(i) No audited statutory financial statements has been issued for this subsidiary as it is not required to issue audited financial statements under statutory requirements of its place of incorporation.

(ii) The statutory financial statement of this subsidiary for the year ended 31 December 2014 was audited by PricewaterhouseCoopers, Certified Public Accountants in Hong Kong.

1.3 Basis of presentation

Xinyi Glass owned and controlled the Automobile Glass Installation Business before the Reorganisation and continues to control the Automobile Glass Installation Business after the Reorganisation. Pursuant to the Reorganisation, the Automobile Glass Installation Business has been transferred to and held by the Company. The Financial Information includes the consolidated balance sheets, results and cash flows of the companies now comprising the Group which is a continuation of the Automobile Glass Installation Business, using its carrying values under the Controlling Shareholder for all periods presented.

The Automobile Glass Installation Business was principally conducted through Xinyi Automobile Glass. During the Relevant Periods, Xinyi Automobile Glass also engaged in the Trading Business until 13 December 2015.

(a) The consolidated balance sheets include the assets and liabilities of the Xinyi Automobile Glass that are directly related and clearly identified to the Automobile Glass Installation Business.

Plant and equipment and leasehold land, including the leasehold land and the storage containers and structures on it, leasehold improvements of repair and installation centres, motor vehicles and office equipment, which are solely used for the operation of the Automobile Glass Installation Business.

Trade receivables and trade payables are those arose from the sales and purchase transactions of the Automobile Glass Installation Business.

Inventories are those finished goods purchased for the Automobile Glass Installation Business.

Income tax payable and cash and cash equivalents reflect the full historical assets and liabilities recorded by Xinyi Automobile Glass.

Cash transfer between Automobile Glass Installation Business and the Trading Business have been included in intercompany balances and presented as either current receivables or current payables with related parties.

(b) The consolidated income statements include the results of Automobile Glass Installation Business which are revenue, related costs and income tax directly generated or incurred for the Automobile Glass Installation Business.

The remunerations of directors and senior management of Xinyi Glass Group were not allocated to the Automobile Glass Installation Business as historically there was no recharge arrangement of such expenses by Xinyi Glass Group on the Xinyi Automobile Glass and services provided by them to the Automobile Glass Installation Business are insignificant compared to the Xinyi Glass Group. Accordingly, such employee benefits are not included in the consolidated income statements. Two directors of Xinyi Glass Group have been appointed as non-executive directors of the Company. Details of the employee benefits of these senior management are disclosed in Note 22(c) to the Financial Information.

The Directors consider that the above method of allocation and presentation provides the fairest approximation of the amounts attributable to the Financial Information of the Automobile Glass Installation Business during the Relevant Periods.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of the Financial Information is set out below. These policies have been consistently applied during each of the years ended of 31 December 2014 and 2015, unless otherwise stated.

2.1 Basis of preparation

The Financial Information has been prepared in accordance with HKFRSs issued by the HKICPA. The Financial Information has been prepared under the historical cost convention.

The consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap.32) for the years presented.

The preparation of the Financial Information in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Information is disclosed in Note 4.

The following are standards, amendments and interpretations to existing standards that have been published and mandatory for the Group's accounting periods beginning on or after 1 January 2016, but have not been early adopted by the Group.

		Effective for accounting periods beginning on or after
HKAS 1 (Amendment)	Disclosure initiative	1 January 2016
HKAS 16 and HKAS 38 (Amendment)	Clarification of acceptable methods of depreciation and amortisation	1 January 2016
HKAS 16 and HKAS 41 (Amendment)	Agriculture: Bearer plants	1 January 2016
HKAS 27 (Amendment)	Equity method in separate financial statements	1 January 2016
HKFRS 9	Financial instruments	1 January 2018
HKFRS 10, HKFRS 12 and HKAS 28 (Amendment)	Investment entities: applying the consolidation exception	1 January 2016
HKFRS 10 and HKAS 28 (Amendment)	Sale or contribution of assets between an investor and its associate or joint venture	Note 1
HKFRS 11 (Amendment)	Accounting for acquisitions of interests in joint operations	1 January 2016
HKFRS 14	Regulatory deferral accounts	1 January 2016
HKFRS 15	Revenue from contracts with customers	1 January 2018
HKFRS 16	Leases	1 January 2019
HKFRS (Amendment)	Annual improvements to HKFRSs 2012 - 2014 cycle	1 January 2016

Note 1: The effective date of this amendment is not yet determined.

The Group is a lessee of various shop premises and warehouse which are currently classified as operating leases. The Group's current accounting policy for such leases is set out in note 2.13 with the Group's future operating lease commitments, which are not reflected in the consolidated balance sheets, set out in note 20. HKFRS 16 provides new provisions for the accounting treatment of leases and will in the future no longer allow lessees to recognise certain leases outside of the consolidated

balance sheets. Instead, all non-current leases must be recognised in the form of an asset (for the right of use) and a financial liability (for the payment obligation). Thus each lease will be mapped in the Group's consolidated balance sheets. Short-term leases of less than twelve months and leases of low-value assets are exempt from the reporting obligation. The new standard will therefore result in an increase in plant and equipment and an increase in financial liabilities in the consolidated balance sheets. In the profit or loss, straight-line depreciation expense on the right-of-use asset and the interest expenses on the lease liability are recognised and no rental expenses will be recognised. The combination of a straight-line depreciation of the right-of-use asset and the effective interest rate method applied to the lease liability will result in a higher total charge to profit or loss in the initial years of the lease, and decreasing expenses during the latter part of the lease term. The new standard is not expected to apply until the year ending 31 December 2019.

Management is in the process of making an assessment on the impact of these standards, amendments and interpretations to existing HKASs and HKFRSs and is not yet in a position to state whether they will have a significant impact on the Group's results of operations and financial position.

New Hong Kong Companies Ordinance (Cap. 622)

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Company's first financial year commencing on 1 January 2016 in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the Financial Information in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of Information in the Financial Information will be affected.

2.2 Subsidiaries

(a) Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiary have been adjusted to conform to the Group's accounting policies.

(b) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Directors who makes strategic decisions.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the Financial Information of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Financial Information is presented in HK$, which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statements of profit or loss and other comprehensive income.

2.5 Leasehold land and plant and equipment

Plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged in the statements of profit or loss and other comprehensive income during the financial period in which they are incurred.

Leasehold land in Hong Kong is government-owned. The Group acquired the right to use certain land. The consideration paid for such right is treated as prepayment for operating lease and recorded as leasehold land, which is amortised over the lease period using the straight-line method.

Leasehold land	Over their expected useful lives of 34 years
Storage containers and structures	20 years
Furniture and fixtures	5 years
Motor vehicles	5 years
Leasehold improvements	5 years

The assets' useful lives are reviewed, and adjusted if appropriate, at end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.6).

Gains and losses on disposals are determined by comparing the proceeds with carrying amount and are recognised in the consolidated statements of profit or loss and other comprehensive income.

2.6 Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairments are reviewed for possible reversal of the impairment at each balance sheet date.

2.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of inventories comprises invoiced cost. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.8 Financial assets

(a) Classification

The Group classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise "trade and other receivables" and "cash and cash equivalents" in the consolidated balance sheets.

(b) Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date — the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

2.9 Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

2.10 Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.11 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks.

2.12 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.13 Operating lease (as the lessee for operating leases)

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statements of profit or loss and other comprehensive income on a straight-line basis over the period of the lease.

2.14 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated statements of profit or loss and other comprehensive income, except to the extent that it relates to items recognised directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Information. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.15 Employee benefits

(a) Pension obligations

The Group makes contributions to the mandatory provident fund scheme, which the Group pays fixed contributions into a separate entity. The assets of the scheme are held separately from those of the Group in independently administered funds. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee services in the current and prior periods. The Group has no further payment obligations once the contributions have been paid.

The contributions are recognised as employee benefit expenses where they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(c) Bonus plans

The Group recognises a liability and an expense for bonuses. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(d) Equity settled share-based payment transactions

The Group's ultimate holding company operates a number of equity-settled, share-based compensation plans. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted.

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in the profit or loss, with a corresponding adjustment to equity.

When the options are exercised, the ultimate holding company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium of the ultimate holding company when the options are exercised.

Prior to the completion of Reorganisation, the grant by the ultimate holding company of options over its equity instruments to the employees of the Group is equity settled share based payment. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an employee benefit expenses, with a corresponding credit to equity.

After the completion of Reorganisation and the Separate Listing, the Company will cease to be a subsidiary of Xinyi Glass Group. The Company will become a fellow subsidiary of Xinyi Glass. All

the grant by Xinyi Glass of options over its equity instruments to the employees of the Group will be recharged back by Xinyi Glass over the vesting period. Accordingly, the fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an employee benefit expenses, with a corresponding payable to Xinyi Glass.

2.16 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services, stated net of discounts, returns and rebates.

The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimates of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Revenue is recognised as follows:

(a) Provision of automobile glass installation and repair services

Revenue from the provision of automobile glass installation/repair services is recognised when services are provided.

(b) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

(c) Disposal gain

Disposal gain is recognised when the related risks and rewards of ownership transferred.

2.17 Dividend distribution

Dividend distribution to the shareholders is recognised as a liability in the consolidated financial statements in the period in which the dividends are approved by the entity's shareholders or directors, where appropriate.

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Management regularly manages the financial risks of the Group. Because of the simplicity of the financial structure and the current operations of the Group, no hedging activities are undertaken by management.

(a) Market risk

(i) Foreign exchange risk

The Group operates in Hong Kong with most of the transactions and balances denominated in HK$. The Group is not exposed to significant foreign exchange risk.

(ii) Cash flow and fair value interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates as the Group has no significant interest bearing assets.

(b) Credit risk

The Group's credit risk arises from cash at bank and trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. The carrying amounts of these balances represent the Group's maximum exposure to credit risk in relation to financial assets which are stated as follows:

	As at 31 December	
	2014	2015
	HK$'000	HK$'000
Trade and other receivables excluding prepayments (Note 14)	39,915	31,191
Cash at bank (Note 15)	6,002	25,149
Maximum exposure to credit risk	45,917	56,340

As at 31 December 2014 and 2015, all the bank deposits were deposited with a reputable bank in Hong Kong. The credit quality of cash and cash equivalents has been assessed by reference to external credit ratings or to historical information about the counterparty default rates. The existing counterparties do not have defaults in the past.

In respect of trade and other receivables, the Group has policies in place to ensure that the sales of products are made to customers with appropriate credit history and the Group performs credit evaluations of its customers.

The credit period of the majority of the Group's trade receivables is due within 30 to 60 days and largely comprises amounts receivable from corporate customers.

The Group performs periodic credit evaluation of the amounts due from related parties of which management believes is of high credit quality and does not expect any losses arising from non-performance by the counterparty.

The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up actions are taken to recover overdue debts. In addition, the Group reviews regularly the recoverable amount of each individual trade receivable to ensure that adequate provision for impairment losses are made for irrecoverable amounts. In this regard, the directors consider that the Group's credit risk is significantly reduced.

(c) Liquidity risk

Liquidity risk refers to the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets.

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding. Due to the nature of the underlying businesses, the Group's management responsible for treasury function aims to maintain flexibility in funding by keeping sufficient cash and committed banking facilities available.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet dates to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows based on the current rates at the year-end dates during the Relevant Periods.

	Group	Company
	Within one year or on demand	Within one year or on demand
	HK$'000	HK$'000
As at 31 December 2014		
Trade and other payables		
Trade payables	386	—
Amounts due to related companies	3,594	—
	3,980	—
As at 31 December 2015		
Trade and other payables		
Trade payables	581	—
Amounts due to related companies	6,128	1,059
Accrued listing expenses	3,402	3,402
Other creditors and accruals	27	—
	10,138	4,461

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group will consider the macro economic conditions and adequacy of cash flows generating from operations and may raise funding through borrowings as necessary.

3.3 Fair value estimation

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

4 Critical accounting estimates and judgement

Estimates and judgement are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Useful lives of plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its plant and equipment. This estimate is based on the historical experience of the actual useful lives of these assets of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to changes in market conditions. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(b) Impairment assessment of leasehold land and plant and equipment

Leasehold land and plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts have been determined based on value-in-use calculations, taking into account the latest market information and past experience.

(c) Impairment of trade and other receivables

The Group makes provision for impairment of trade and other receivables based on an estimate of the recoverability of these receivables. Provisions are applied to these receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of impairment of these receivables requires the use of estimates. Where the expectation is different from the original estimate, such difference will impact the carrying amount of receivables and the provision for impairment losses in the period in which such estimate has been changed.

(d) Write-downs of inventories to net realisable value

The Group writes down inventories to net realisable value based on an estimate of the realisability of inventories. Write-downs of inventories are recorded where events or changes in circumstances indicate that the balances may not be realised. The identification of write-downs requires the use of estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of inventories and write-downs of inventories in the periods in which such estimate has been changed.

(e) Current income tax

The Group is subject to income tax in Hong Kong. Significant judgement is required in determining the provision for income taxes and the timing of the related payments. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the periods in which such determination is made.

5 Segment information

The Executive Directors of the Company have been identified as the chief operating decision maker of the Group who reviews the Group's internal reporting in order to assess performance of the Group on a regular basis.

The Executive Directors assess the performance of the operating segment based on a measure of profit before income tax.

There is only one single reportable segment for the Group. Set out below is a summary list of key performance indicators reviewed by the Executive Directors on a regular basis:

	Year ended 31 December	
	2014	2015
	HK$'000	HK$'000
Turnover		
Sales of automobile glass with installation and repair services	42,505	45,864
Profit/(loss) before income tax	11,932	(2,649)

The revenue from external parties reported to the Executive Directors is measured in a manner consistent with that in the consolidated statements of profit or loss and other comprehensive income.

The Group's revenue is derived from customers located in Hong Kong whilst the Group's business activities are conducted solely in Hong Kong.

As at 31 December 2014 and 2015, the Group's non-current assets were entirely held in Hong Kong. For each of the years ended 31 December 2014 and 2015, none of the Group's customers accounted for more than 10% at the total revenue of the Group during the respective years.

6 Other income

	Year ended 31 December	
	2014	2015
	HK$'000	HK$'000
Net disposal gain from plants and equipment (Note)	101	175
Gain on disposal of scrap glass	7	—
Others	121	33
	229	208

Note:

During each of the years ended 31 December 2014 and 2015, Xinyi Automobile Glass received compensations of HK$101,000 and HK$192,000, respectively, from the government for the incentive scheme for replacing Euro II diesel commercial vehicles.

7 Expenses by nature

Expenses included in cost of revenue, selling and marketing costs and administrative expenses are analysed as follows:

	Year ended 31 December	
	2014	2015
	HK$'000	HK$'000
Cost of inventories sold	10,340	10,950
Write-off of inventories	148	274
Advertising	20	56
Auditor's remuneration	60	90
Amortisation expenses (Note 12)	299	300
Depreciation expenses (Note 11)	603	786
Employee benefit expenses (including directors' emoluments) (Note 8)	14,551	16,723
Insurance expenses	243	153
Listing expenses (Note)	—	13,460
Motor vehicles expenses	1,330	1,270
Operating lease payments in respect of rented premises	2,445	3,087
Write-off of plant and equipment (Note 11)	—	401
Penalty (Note 12)	—	80
Others	764	1,092
Total of cost of revenue, selling and marketing costs and administrative expenses	30,803	48,722

Note:

Listing expenses mainly include professional fee to sole sponsor, the legal advisers, the legal advisors to the sole sponsor and the reporting accountant. For details, please refer to Note 17(c).

8 Employee benefit expenses (including directors' emoluments)

	Year ended 31 December	
	2014	2015
	HK$'000	HK$'000
Wages and salaries	8,939	10,782
Bonus	4,667	5,023
Share-based compensation	443	370
Pension costs - defined contribution scheme	444	480
Others	58	68
	14,551	16,723

(a) Directors' and chief executive's emoluments

The remuneration of every director and the chief executive were set out below:

	Wages and salaries	Bonus	Share-based compensation	Pension costs - defined contribution scheme	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
For the year ended 31 December 2014					
Executive director					
Ms. LI Pik Yung	335	345	44	16	740
Mr. CHAN Chi Leung	—	—	—	—	—
Non-executive director					
Mr. TUNG Ching Sai	—	—	—	—	—
Mr. LEE Shing Kan	—	—	—	—	—
Chief executive					
Mr. SHI Chit Yuk	290	2,556	161	15	3,022
	625	2,901	205	31	3,762

	Wages and salaries	Bonus	Share-based compensation	Pension costs - defined contribution scheme	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
For the year ended 31 December 2015					
Executive director					
Ms. LI Pik Yung	369	354	39	18	780
Mr. CHAN Chi Leung	209	20	—	6	235
Non-executive director					
Mr. TUNG Ching Sai	—	—	—	—	—
Mr. LEE Shing Kan	—	—	—	—	—
Chief executive					
Mr. SHI Chit Yuk	368	2,831	145	18	3,362
	946	3,205	184	42	4,377

The remuneration shown above represents remuneration received from the Group by these directors and the chief executive in their capacity as employees to the Group.

During each of the years ended 31 December 2014 and 2015, none of the directors waived the remuneration and there were no amounts paid or payable by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

Ms. LI Pik Yung and Mr. CHAN Chi Leung were appointed as the Company's executive directors on 14 December 2015. Mr. TUNG Ching Sai and Mr. LEE Shing Kan were appointed as the Company's directors on 18 November 2015, and were subsequently designated as the Company's non-executive directors on 14 December 2015. During the Track Record Period, the independent non-executive directors have not yet been appointed and did not receive any remuneration.

(b) Five highest paid individuals

For each of the years ended 31 December 2014 and 2015, the five individuals whose emoluments were the highest in the Group include one director and the chief executive whose emoluments were reflected in the analysis presented above. The emoluments paid to the remaining three individuals are as follows:

	Year ended 31 December	
	2014	2015
	HK$'000	HK$'000
Wages and salaries	1,018	1,156
Bonus	654	674
Share-based compensation	78	72
Pension costs - defined contribution scheme	48	53
	1,798	1,955

The emoluments of the remaining individuals fell within the following bands:

	Year ended 31 December	
	2014	2015
Nil - HK$1,000,000	3	3

9 Income tax expense

	Year ended 31 December	
	2014	2015
	HK$'000	HK$'000
Current income tax		
- Hong Kong profits tax (Note)	1,999	1,894

Note:

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits for each of the years ended 31 December 2014 and 2015.

The tax on the Group's profit/(loss) before income tax differs from the theoretical amount that would arise using the tax rate applicable to the Group as follows:

	Year ended 31 December	
	2014	2015
	HK$'000	HK$'000
Profit/(loss) before income tax	11,932	(2,649)
Calculated at a tax rate of 16.5%	1,969	(437)
Income not subject to tax	(17)	(32)
Expenses not deductible for tax purposes	32	2,368
Others	15	(5)
Income tax expense	1,999	1,894

There was no material unprovided deferred income tax as at 31 December 2014 and 2015, respectively.

10 Earnings/(loss) per share

(a) Basic

Basic earnings/(loss) per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	Year ended 31 December	
	2014	2015
	HK$'000	HK$'000
Profit/(loss) attributable to owners of the Company	9,933	(4,543)
Weighted average number of ordinary shares in issue (thousands) *(Note)*	485,112	485,112
Basic earnings/(loss) per share (HK cents per share)	2.05	(0.94)

Note: The weighted average number of shares in issue represented the 100 ordinary share issued on incorporation of the Company, the newly issued shares of 599 (Note 16) on 14 December 2015 under the Reorganisation and the further newly issued shares of 485,111,513.38 under the capitalisation issue on 25 June 2016 (Note 16).

(b) Diluted

For the years ended 31 December 2014 and 2015, diluted earnings per share equals basic earnings per share as there was no potential dilutive share.

11 Plant and equipment

	Storage containers and structures	Furniture and fixtures	Motor vehicles	Leasehold improve-ments	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2014					
Cost	1,712	1,016	3,899	1,133	7,760
Accumulated depreciation	(51)	(896)	(3,254)	(925)	(5,126)
Net book amount	1,661	120	645	208	2,634
Year ended 31 December 2014					
Opening net book amount	1,661	120	645	208	2,634
Additions	—	92	1,157	570	1,819
Depreciation	(86)	(46)	(360)	(111)	(603)
Closing net book amount	1,575	166	1,442	667	3,850
At 31 December 2014					
Cost	1,712	1,108	4,947	1,703	9,470
Accumulated depreciation	(137)	(942)	(3,505)	(1,036)	(5,620)
Net book amount	1,575	166	1,442	667	3,850
Year ended 31 December 2015					
Opening net book amount	1,575	166	1,442	667	3,850
Additions	145	44	390	277	856
Depreciation	(82)	(51)	(461)	(192)	(786)
Disposal	—	(17)	—	—	(17)
Write-off	(346)	(15)	—	(40)	(401)
Closing net book amount	1,292	127	1,371	712	3,502
At 31 December 2015					
Cost	1,467	226	4,380	1,439	7,512
Accumulated depreciation	(175)	(99)	(3,009)	(727)	(4,010)
Net book amount	1,292	127	1,371	712	3,502

Depreciation expenses of HK$588,000 and HK$765,000, respectively, have been charged in cost of revenue and depreciation expenses of HK$15,000 and HK$21,000, respectively, have been charged in administrative expenses for each of the years ended 31 December 2014 and 2015 (Note 7).

12 Leasehold land

	HK$'000
Year ended 31 December 2014	
Opening net book amount	9,780
Amortisation	(299)
Closing net book amount	9,481
At 31 December 2014	
Cost	10,005
Accumulated amortisation	(524)
Net book amount	9,481
Year ended 31 December 2015	
Opening net book amount	9,481
Amortisation	(300)
Closing net book amount	9,181
At 31 December 2015	
Cost	10,005
Accumulated amortisation	(824)
Net book amount	9,181

Amortisation expenses of HK$299,000 and HK$300,000, respectively, have been charged in cost of revenue for each of the years ended 31 December 2014 and 2015 (Note 7).

The net book value of the Group's leasehold land is analysed as follows:

	As at 31 December	
	2014	2015
	HK$'000	HK$'000
Leasehold land in Hong Kong held on:		
Lease below 50 years	9,481	9,181

The Group purchased the Yuen Long Land on 23 April 2013, and it had been used by the Group as warehouse since then. The Yuen Long Land does not fall within the land-use zoning of open-storage. The Group received a letter from the Planning Department that the usage of the Yuen Long Land as warehouse constituted unauthorised development under the Town Planning Ordinance. A fine of HK$80,000 was imposed on and paid by Xinyi Automobile Glass during the year ended 31 December 2015.

13 Inventories

	As at 31 December	
	2014	2015
	HK$'000	HK$'000
Finished goods	7,436	8,786
Other consumables	167	397
	7,603	9,183

The cost of inventories recognised as expense and included in cost of sales amounted to HK$10,340,000 and HK$10,905,000, for each of the years ended 31 December 2014 and 2015, respectively (Note 7).

14 Trade and other receivables

	As at 31 December	
	2014	2015
	HK$'000	HK$'000
Trade receivables (Note (a))	2,468	3,266
Amounts due from related parties (Note (b) and 22(d))	36,918	26,848
Prepayments	124	241
Deposits and other receivables	529	1,077
	40,039	31,432

The maximum exposure to credit risk as at 31 December 2014 and 2015 was the carrying value of each class of receivable mentioned above. The Group did not hold any collateral as security. The carrying amounts of trade receivables, deposits, other receivables and prepayments approximate to their fair values and were denominated in HK$.

Notes:

(a) Trade receivables

The majority of credit period granted by the Group to its customers is generally 30 to 60 days. At 31 December 2014 and 2015, the ageing analysis of the Group's trade receivables based on invoice date was as follows:

	As at 31 December	
	2014	2015
	HK$'000	HK$'000
0-60 days	2,038	2,343
61-180 days	422	893
181-365 days	8	30
	2,468	3,266

The carrying amounts of the Group's trade receivables are denominated in HK$.

As at 31 December 2014 and 2015, trade receivables of HK$430,000 and HK$923,000 were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables based on due date is as follows:

	As at 31 December	
	2014	2015
	HK$'000	HK$'000
0-60 days	345	768
61-180 days	83	143
Over 180 days	2	12
	430	923

(b) Amounts due from related parties

As at 31 December 2014 and 2015, the amounts due from related parties were unsecured, interest-free and repayable on demand. The amounts due from related parties were fully settled on 10 March 2016.

15 Cash and cash equivalents

	As at 31 December	
	2014	2015
	HK$'000	HK$'000
Cash at bank	6,002	25,149
Cash on hand	110	103
	6,112	25,252

The carrying amounts of the Group's cash and cash equivalents are denominated in HK$.

16 Share capital

The Company was incorporated in Cayman Islands on 18 November 2015. At the date of incorporation, an authorised share capital of HK$20,000,000,000 comprising 2,000,000,000,000 ordinary shares of HK$0.01 each and 100 share was allotted and issued to Xinyi Glass (BVI).

On 14 December 2015, all the 100,000 shares of Xinyi Automobile Glass were transferred from Xinyi International Investments Limited to the Group at the consideration of 599 shares allotted and issued by the Company to Xinyi Glass (BVI).

The number of the Company's shares authorised and issued as of 31 December 2015 are as follows:

	Number of shares	HK$'000
Authorised:		
Ordinary shares of HK$0.01 each.	2,000,000,000,000	20,000,000
Ordinary shares, issued and fully paid:		
Issued during the period from 18 November 2015 to 31 December 2015 and as at 31 December 2015. . . .	699	—

On 25 June 2016, the Company further allotted and issued 485,111,513.38 Shares to Xinyi Glass (BVI) by way of capitalisation issue.

17 Reserves

	Group					Company			
	Combined capital	Capital reserves	Share option reserves	Retained profit	Total	Share premium	Capital reserves	Accumulated loss	Total
	HK$'000 Note (a)	HK$'000	HK$'000 Note (b)	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Balance at 1 January 2014	100	—	1,907	45,595	47,602	—	—	—	—
Comprehensive income									
Profit for the year	—	—	—	9,933	9,933	—	—	—	—
Transactions with owners									
Employee's share option scheme:									
- Value of employee services	—	—	443	—	443	—	—	—	—
Balance at 31 December 2014 and 1 January 2015	100	—	2,350	55,528	57,978	—	—	—	—
Comprehensive income									
Loss for the period	—	—	—	(4,543)	(4,543)	—	—	(13,460)	(13,460)
Transactions with owners									
Employee's share option scheme:									
- Value of employee services	—	—	370	—	370	—	—	—	—
The Company's Reorganisation:									
- Issuance of shares and completion of Reorganisation (Note (d))	(100)	100	—	—	—	66,594	—	—	66,594
Listing expenses borne by Xinyi Glass Group (Note (c))	—	9,000	—	—	9,000	—	9,000	—	9,000
Balance at 31 December 2015	—	9,100	2,720	50,985	62,805	66,594	9,000	(13,460)	62,134

(a) Combined capital

Combined capital at 31 December 2014 represent the share capital of Xinyi Automobile Glass, the principal operating company of the Group.

(b) Share option reserves

In 2005, the ultimate holding company adopted a share option scheme ("Share Option Scheme"). Under the Share Option Scheme, the ultimate holding company's directors may, at their sole discretion, grant options to any employee of Xinyi Glass Group to subscribe for shares of the ultimate holding company at the highest of:

(i) The closing price of shares of the ultimate holding company as stated in the daily quotation sheet of the Stock Exchange on the day of the offer of grant;
(ii) The average closing price of the shares of the ultimate holding company as stated in the Stock Exchange's daily quotation sheet for the five trading days immediately preceding the day of the offer of the grant; and
(iii) The nominal value of shares.

A nominal consideration of HK$1 is payable on acceptance of the grant of an option.

The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of Xinyi Glass Group must not, in aggregate, exceed 10% of the shares in issue on the date of commencement of dealings in the shares of the ultimate holding company on the Stock Exchange, unless the ultimate holding company obtains further approval from the shareholders. Notwithstanding the above, the maximum number of shares to be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme of the Group must not, in aggregate, exceed 30% of the relevant shares or securities of the ultimate holding company in issue from time to time.

Movements in the number of share options granted by the ultimate holding company to the employees of the Group and their related weighted average exercise prices are as follows:

	2014		2015	
	Average Exercise price in HK$ per share	Options (unit)	Average Exercise price in HK$ per share	Options (unit)
At 1 January	5.29	903,000	5.78	1,163,000
Granted	6.84	320,000	4.55	292,000
Exercised	—	—	—	—
Lapsed	3.55	(44,000)	6.44	(240,000)
Forfeited	5.32	(16,000)	5.48	(146,000)
At 31 December	5.78	1,163,000	5.34	1,069,000

Out of the above outstanding share options, 240,000 and 257,000 were exercisable at 31 December 2014 and 2015, respectively. During each of the years ended 31 December 2014 and 2015, no option was being exercised during each of the years ended 31 December 2014 and 2015.

These outstanding share options at the end of the year have the following expiry dates and exercise prices:

Expiry Date	Average exercise price in HK$ per share	As at 31 December	
		2014	2015
		Units	Units
31 March 2015	6.44	240,000	—
31 March 2016	4.34	297,000	257,000
31 March 2017	5.55	306,000	262,000
31 March 2018	6.84	320,000	276,000
31 March 2019	4.55	—	274,000
		1,163,000	1,069,000

The weighted average fair values of these options granted during each of the years ended 31 December 2014 and 2015 were determined using the Black-Scholes valuation model, which were performed by an independent valuer, Greater China Appraisal Limited, and were approximately HK$1.75 and HK$1.22 per option respectively. The significant inputs into the model are as follows:

	Year ended 31 December	
	2014	2015
	HK$'000	HK$'000
Weighted average share price, at the grant date (HK$)	6.84	4.55
Exercise price (HK$)	6.84	4.55
Volatility (%)	45.74%	44.57%
Dividend yield (%)	4.03%	3.08%
Expected share option life (years)	3.59	3.58
Annual risk-free interest rate (%)	0.87%	0.93%

The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of daily share prices over the previous year. See Note 8 for the total expense recognised in the profit or loss for share options granted to employees of the Group.

(c) Capital reserves

Listing expenses are recognised in the consolidated statements of profit or loss and other comprehensive income as and when they are incurred. During the Track Record Period, the Company incurred listing expenses amounting to approximately HK$13,460,000. On 7 December 2015, it was agreed with Xinyi Glass Group that two third and one third of such expenses were borne by Xinyi Glass Group and the Company, respectively. Upon payment of these expenses by Xinyi Glass Group, a capital contribution from Xinyi Glass Group were recorded in the Company's equity.

As at 31 December 2015, capital reserve of HK$9,000,000 have been recognised as capital contribution from Xinyi Glass Group.

(d) Share premium

Share premium of HK$66,594,000 represented the difference between the carrying value of Xinyi Automobile Glass acquired on 14 December 2015 pursuant to the Reorganisation over the nominal value of the share capital of the Company issued in exchange thereof. For details, please refer to Note 1.2.

18 Trade and other payables

	Group		Company
	As at 31 December		As at 31 December
	2014	2015	2015
	HK$'000	HK$'000	HK$'000
Trade payables (Note (a))			
- Third parties	84	458	—
- Related companies (Note 22 (d))	302	123	—
	386	581	—
Amounts due to related companies (non-trade) (Note (b))	3,594	6,128	1,059
Accrued salaries	559	969	—
Accrued bonus	4,342	4,422	—
Accrued listing expenses	—	3,402	3,402
Other creditors and accruals	—	27	—
	8,881	15,529	4,461

As at 31 December 2014 and 2015, the carrying amounts of trade payables, amounts due to related companies, accrued expenses and other payables approximate to their fair value and were mainly denominated in HK$.

Notes:

(a) Trade payables

As at 31 December 2014 and 2015, the ageing analysis of the Group's trade payables based on invoice date was as follows:

	As at 31 December	
	2014	2015
	HK$'000	HK$'000
Within 30 days	386	581

(b) Amounts due to related companies

As at 31 December 2014 and 2015, the amounts due to related companies are denominated in HK$, and were unsecured, interest-free and repayable on demand (Note 22(d)). The amounts due to related companies were fully settled on 10 March 2016.

19 Investment in a subsidiary

	Company
	As at 31 December 2015
	HK$'000
Unlisted shares, at cost	66,595

Note: Details of principle subsidiaries are stated in Note 1.2.

20 Commitments

The Group leases various shop premises and warehouse. The majority of lease agreements are non-cancellable with lease terms ranged from 1 to 3 years. The lease expenses charged to the profit or loss during the Relevant Periods are disclosed in Note 7.

The future aggregate minimum lease payments under non-cancellable operating leases as follows:

	As at 31 December	
	2014	2015
	HK$'000	HK$'000
Not later than one year	1,264	3,908
Later than one year and not later than five years	504	1,647
	1,768	5,555

As at 31 December 2014 and 2015, the Group did not have material capital commitments.

21 Cash generated from operations

	Year ended 31 December	
	2014	2015
	HK$'000	HK$'000
Cash flows from operating activities		
Profit/(loss) before income tax	11,932	(2,649)
Adjustments for:		
- Interest income	(1)	(1)
- Depreciation expenses	603	786
- Amortisation expenses	299	300
- Share option granted to employee	443	370
- Write-off of plant and equipment	—	401
- Write-off of inventories	148	274
- Net disposal gain from plant and equipment	(101)	(175)
- Listing expenses borne by Xinyi Glass Group (Note)	—	9,000
	13,323	8,306
Changes in working capital:		
- Inventories	(140)	(1,854)
- Trade and other receivables	23	(1,393)
- Trade and other payables	298	4,987
Cash generated from operations	13,504	10,046

Non-cash transaction

Note: As disclosed in note 17(c), on 7 December 2015, it was agreed with Xinyi Glass Group that two third and one third of such expenses were borne by Xinyi Glass Group and the Company, respectively. Upon payment of these expenses by Xinyi Glass Group, a capital contribution from Xinyi Glass Group were recorded in the Company's equity. During the year ended 31 December 2015, the Group incurred listing expenses amounted to HK$13,460,000, out of which HK$9,000,000 were borne and settled by Xinyi Glass Group.

22 Related party transactions

Related parties are those parties that have the ability to control the other party or exercise significant influence in making financial and operating decisions. Parties are also considered to be related if they are subject to common control.

The Group is ultimately controlled by Xinyi Glass.

The following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business during each of the years ended 31 December 2014 and 2015, and balances as of 31 December 2014 and 2015 arising from related party transactions.

(a) Name and relationship with related parties

Name of related parties	Relationship with the Company
Xinyi Glass	Ultimate holding company
Xinyi Group (Glass) Company Limited ("Xinyi Glass (Hong Kong)")	Fellow subsidiary
Xinyi International Investments Limited ("Xinyi International")	Fellow subsidiary
Xinyi Automobile Glass (ShenZhen) Company Limited	Fellow subsidiary
Dongguan Benson Automobile Glass Company Limited (Formerly known as "Xinyi Automobile Glass Company (Dongguan) Limited")	Fellow subsidiary
Xinyi Glass Japan Company Limited	Fellow subsidiary
Xinyi Automobile Glass	Subsidiary
Xinyi Automobile Glass Enterprises Limited	Subsidiary
Xinyi Glass (BVI)	Immediate holding company
Mr. Lee Shing Kan ("Mr. Lee")	Director
Mr. Tung Fong Ngai ("Mr. Tung")	Close family member of a director of Xinyi Glass

(b) Transactions with related parties

During the Relevant Periods, the following transactions were carried out with related parties at terms mutually agreed by both parties:

	Year ended 31 December	
	2014	2015
	HK$'000	HK$'000
Continuing transactions		
Purchases of goods for Automobile Glass Installation Business from		
- Xinyi International (Note i)	7,632	2,899
- Xinyi Glass (Hong Kong) (Note i)	95	2,587
Operating lease payments in respect of land and buildings paid to Mr. Lee and Mr. Tung (Note iii)	552	698

	Year ended 31 December	
	2014	2015
	HK$'000	HK$'000
Discontinued transactions		
Agency fee for purchase of glass glue to Xinyi Glass Japan Company Limited (Note ii)	7	8

Notes:

i. Purchases of automobile glass from related companies were charged at mutually agreed prices and terms.

ii. The agency fee for sourcing of glass glue from Japan was charged at mutually agreed prices and terms.

iii. Rental expenses are paid with at price and terms mutually agreed with both parties for shop premise which is co-owned by Mr. Lee and Mr. Tung.

(c) Key management compensation

Key management includes directors (executive and non-executive) and the senior management of the Group. The compensation paid or payable to key management for employee services is shown below:

	Year ended 31 December	
	2014	2015
	HK$'000	HK$'000
Wages and salaries	1,955	2,439
Bonus	3,682	3,995
Share-based compensation	301	274
Pension costs - defined contribution scheme	95	112
	6,033	6,820

Certain directors and the Chief Financial Officer of Xinyi Glass Group also involved in the Automobile Glass Installation Business as part of Xinyi Glass Group's operation. Services provided by them to the Automobile Glass Installation Business are insignificant compared to the Xinyi Glass Group. The remunerations of these directors and senior management were borne by Xinyi Glass Group during the Relevant Periods and not recharged to the Automobile Glass Installation Business. Accordingly, no remunerations of these directors and senior management were allocated to the Automobile Glass Installation Business for the preparation of the Financial Information.

(d) Amounts due from/(to) related parties

	Group		Company
	As at 31 December		As at 31 December
	2014	2015	2015
	HK$'000	HK$'000	HK$'000
Trade			
Amount due to Xinyi International	(207)	—	—
Amount due to Xinyi Glass (Hong Kong)	(95)	(123)	—
	(302)	(123)	—
Non-trade			
Amount due from Xinyi Glass (Hong Kong)	36,916	26,846	—
Amount due from Xinyi Glass	2	2	—
Amount due to Xinyi International	(3,267)	(5,018)	—
Amount due to Xinyi Automobile Glass (ShenZhen) Company Limited	(319)	(337)	—
Amount due to Dongguan Benson Automobile Glass Company Limited	(8)	(8)	—
Amount due to Xinyi Automobile Glass Enterprises Limited	—	—	(1)
Amount due to Xinyi Automobile Glass	—	—	(293)
Amount due to Xinyi Glass (BVI)	—	(765)	(765)

The maximum outstanding balances due from the related parties during the Relevant Periods are as follows:

	As at 31 December	
	2014	2015
	HK$'000	HK$'000
Amount due from Xinyi Glass (Hong Kong)	37,156	39,140
Amount due from Xinyi Glass	2	2

Receivables and payables from/(to) the above related parties were unsecured, interest-free and repayable on demand. The amounts due from Xinyi Glass (Hong Kong) and Xinyi Glass are neither past due nor impaired. The carrying amounts of the amounts due from/(to) related parties approximate to their fair values and are denominated in HK$.

23 Contingencies

The Company and the Group did not have contingent liabilities as at 31 December 2014 and 2015.

24 Subsequent event

Save as disclosed elsewhere in this report, the Company and the Group did not have other significant subsequent event after 31 December 2015.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared for the Company or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2015 and up to the date of this report. No dividend or distribution has been declared, made or paid by the Company or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2015.

Yours faithfully,
PricewaterhouseCoopers
Certified Public Accountants
Hong Kong

The information set forth in this appendix does not form part of the Accountant's report from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, the Reporting Accountant of the Company, as set forth in Appendix I to this prospectus, and is included herein for information only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the "Accountant's Report" set forth in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group, which has been prepared in accordance with Rule 7.31 of the GEM Listing Rules, is for illustrative purposes only, and is set forth to illustrate the effect of the Hong Kong Public Offering on the consolidated net tangible assets as of 31 December 2015 as if the Hong Kong Public Offering had taken place on 31 December 2015.

This unaudited pro forma statement of adjusted consolidated net tangible assets have been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets as of 31 December 2015 or any future date following the Hong Kong Public Offering.

	Audited consolidated net tangible assets attributable to equity holders of the Company as of 31 December 2015[(1)]	**Estimated net proceeds from the Hong Kong Public Offering[(2)]**	**Unaudited pro forma adjusted net tangible assets attributable to equity holders of the Company[(3)]**	**Unaudited pro forma adjusted net tangible assets attributable to equity holders of the Company per Share[(4)]**
	HK$'000	**HK$'000**	**HK$'000**	**HK$**
Based on the minimum Offer Price of HK$0.55	62,805	28,403	91,208	0.17
Based on the maximum Offer Price of HK$0.70	62,805	36,590	99,395	0.18

Notes:

(1) The audited consolidated net tangible assets attributable to equity holders of our Company as of 31 December 2015 has been extracted from the Accountant's Report set forth in Appendix I to this prospectus which is based on the audited consolidated net assets of the Group attributable to equity holders of our Company of HK$62.8 million.

(2) The estimated net proceeds from the Hong Kong Public Offering are based on the minimum Offer Price of HK$0.55 or a maximum Offer Price of HK$0.70 respectively, after deduction of the estimated underwriting fees and other related expenses (excluding listing expenses of HK$13.5 million which have been accounted for prior to 31 December 2015) and does not take into account of any Shares which may be issued or repurchased pursuant to the Issuing Mandate and the Buy-Back Mandate. On 7 December 2015, it was agreed with Xinyi Glass that two-third of the listing expenses will be borne by Xinyi Glass. Upon payment of these expenses by Xinyi Glass, a capital contribution from Xinyi Glass will be recorded in the Company's equity. The listing expenses to be borne by Xinyi Glass have been accounted for in arriving the estimated net proceeds.

(3) The unaudited pro forma net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 540,112,212.38 Shares were in issue assuming that the Hong Kong Public Offering has been completed on 31 December 2015. It does not take into account of any Shares which may be issued or repurchased pursuant to the Issuing Mandate and the Buy-Back Mandate.

(4) No adjustment has been made to reflect any trading result or other transactions entered into subsequent to 31 December 2015.

B. REPORT FROM THE REPORTING ACCOUNTANT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.

羅兵咸永道

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION INCLUDED IN A PROSPECTUS

TO THE DIRECTORS OF XINYI AUTOMOBILE GLASS HONG KONG ENTERPRISES LIMITED

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Xinyi Automobile Glass Hong Kong Enterprises Limited (the "Company") and its subsidiaries (collectively the "Group") by the directors for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted net tangible assets of the Group as at 31 December 2015 and related notes (the "Unaudited Pro Forma Financial Information") as set out on page II-1 of the Company's prospectus dated 28 June 2016, in connection with the proposed offering of the shares of the Company. The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described on page II-1.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the proposed offering of shares on the Group's financial position as at 31 December 2015 as if the proposed offering of shares had taken place at 31 December 2015. As part of this process, information about the Group's financial position has been extracted by the directors from the Group's financial information for the year ended 31 December 2015, on which an accountant's report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

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Our Independence and Quality Control

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus", issued by the HKICPA. This standard requires that the reporting accountant complies with ethical requirements and plans and performs procedures to obtain reasonable assurance about whether the directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 7.31 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the proposed offering of shares at 31 December 2015 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and

- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 7.31(1) of the Listing Rules.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 28 June 2016

Set forth below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman Islands company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 18 November 2015 under the Cayman Companies Law. The Company's constitutional documents consist of its Amended and Restated Memorandum of Association (**Memorandum**) and its Amended and Restated Articles of Association (**Articles**).

1. MEMORANDUM OF ASSOCIATION

(a) The Memorandum provides, *inter alia*, that the liability of members of the Company is limited and that the objects for which the Company is established are unrestricted (and therefore include acting as an investment company), and that the Company shall have and be capable of exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate whether as principal, agent, contractor or otherwise and, since the Company is an exempted company, that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.

(b) By special resolution the Company may alter the Memorandum with respect to any objects, powers or other matters specified in it.

2. ARTICLES OF ASSOCIATION

The Articles were adopted on 25 June 2016. A summary of certain provisions of the Articles is set forth below.

(a) Shares

(i) Classes of shares

The share capital of the Company consists of ordinary shares.

(ii) Variation of rights of existing shares or classes of shares

Subject to the Cayman Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to any class of shares may (unless otherwise provided for by the terms of issue of the shares of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. The provisions of the Articles relating to general meetings shall mutatis mutandis apply to every such separate general meeting, but so that the necessary quorum (other than at an adjourned meeting) shall be not less than two persons together holding (or, in the case of a shareholder being a corporation, by its duly authorised representative) or representing by proxy not less than one-third in nominal value of the issued shares of that class. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, and any holder of shares of the class present in person or by proxy may demand a poll.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(iii) Alteration of capital

The Company may, by an ordinary resolution of its members: (a) increase its share capital by the creation of new shares of such amount as it thinks expedient; (b) consolidate or divide all or any of its share capital into shares of larger or smaller amount than its existing shares; (c) divide its unissued shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges or conditions; (d) subdivide its shares or any of them into shares of an amount smaller than that fixed by the Memorandum; (e) cancel any shares which, at the date of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; (f) make provision for the allotment and issue of shares which do not carry any voting rights; (g) change the currency of denomination of its share capital; and (h) reduce its share premium account in any manner authorised and subject to any conditions prescribed by law.

(iv) Transfer of shares

Subject to the Cayman Companies Law and the requirements of the Stock Exchange, all transfers of shares shall be effected by an instrument of transfer in the usual or common form or in such other form as the Board may approve and may be under hand or, if the transferor or transferee is a Clearing House or its nominee(s), under hand or by machine imprinted signature, or by such other manner of execution as the Board may approve from time to time.

Execution of the instrument of transfer shall be by or on behalf of the transferor and the transferee, provided that the Board may dispense with the execution of the instrument of transfer by the transferor or transferee or accept mechanically executed transfers. The transferor shall be deemed to remain the holder of a share until the name of the transferee is entered in the register of members of the Company in respect of that share.

The Board may, in its absolute discretion, at any time and from time to time remove any share on the principal register to any branch register or any share on any branch register to the principal register or any other branch register. Unless the Board otherwise agrees, no shares on the principal register shall be removed to any branch register nor shall shares on any branch register be removed to the principal register or any other branch register. All removals and other documents of title shall be lodged for registration and registered, in the case of shares on any branch register, at the relevant registration office and, in the case of shares on the principal register, at the place at which the principal register is located.

The Board may, in its absolute discretion, decline to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or on which the Company has a lien. It may also decline to register a transfer of any share issued under any share option scheme upon which a restriction on transfer subsists or a transfer of any share to more than four joint holders.

The Board may decline to recognise any instrument of transfer unless a certain fee, up to such maximum sum as the Stock Exchange may determine to be payable, is paid to the Company, the instrument of transfer is properly stamped (if applicable), is in respect of only one class of share and is lodged at the relevant registration office or the place at which the principal register is located accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require is provided to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The register of members may, subject to the GEM Listing Rules, be closed at such time or for such period not exceeding in the whole 30 days in each year as the Board may determine.

Fully paid shares shall be free from any restriction on transfer (except when permitted by the Stock Exchange) and shall also be free from all liens.

(v) Power of the Company to purchase its own shares

The Company may purchase its own shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirement imposed from time to time by the Articles or any, code, rules or regulations issued from time to time by the Stock Exchange and/or the Securities and Futures Commission of Hong Kong.

Where the Company purchases for redemption a redeemable Share, purchases not made through the market or by tender shall be limited to a maximum price and, if purchases are by tender, tenders shall be available to all members alike.

(vi) Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to the ownership of shares in the Company by a subsidiary.

(vii) Calls on shares and forfeiture of shares

The Board may, from time to time, make such calls as it thinks fit upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment of such shares made payable at fixed times. A call may be made payable either in one sum or by instalments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding 20% per annum as the Board shall fix from the day appointed for payment to the time of actual payment, but the Board may waive payment of such interest wholly or in part. The Board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced the Company may pay interest at such rate (if any) not exceeding 20% per annum as the Board may decide.

If a member fails to pay any call or instalment of a call on the day appointed for payment, the Board may, for so long as any part of the call or instalment remains unpaid, serve not less than 14 days' notice on the member requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment. The notice shall name a further day (not earlier than the expiration of 14 days from the date of the notice) on or before which the payment required by the notice is to be made, and shall also name the place where payment is to be made. The notice shall also state that, in the event of non-payment at or before the appointed time, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, nevertheless, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until payment at such rate not exceeding 20% per annum as the Board may prescribe.

(b) Directors

(i) Appointment, retirement and removal

At any time or from time to time, the Board shall have the power to appoint any person as a Director either to fill a casual vacancy on the Board or as an additional Director to the existing Board subject to any maximum number of Directors, if any, as may be determined by the members in general meeting. Any Director so appointed to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director so appointed as an addition to the existing Board shall hold office only until the first annual general meeting of the Company after his appointment and be eligible for re-election at such meeting. Any Director so appointed by the Board shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting.

At each annual general meeting, one third of the Directors for the time being shall retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one third shall be the number of retiring Directors. The Directors to retire in each year shall be those who have been in office longest since their last re-election or appointment but, as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected has been lodged at the head office or at the registration office of the Company. The period for lodgement of such notices shall commence no earlier than the day after despatch of the notice of the relevant meeting and end no later than seven days before the date of such meeting and the minimum length of the period during which such notices may be lodged must be at least seven days.

A Director is not required to hold any shares in the Company by way of qualification nor is there any specified upper or lower age limit for Directors either for accession to or retirement from the Board.

A Director may be removed by an ordinary resolution of the Company before the expiration of his term of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and the Company may by ordinary resolution appoint another in his place. Any Director so appointed shall be subject to the "retirement by rotation" provisions. The number of Directors shall not be less than two.

The office of a Director shall be vacated if he:

(aa) resign;
(bb) dies;
(cc) is declared to be of unsound mind and the Board resolves that his office be vacated;
(dd) becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;
(ee) he is prohibited from being or ceases to be a director by operation of law;
(ff) without special leave, is absent from meetings of the Board for six consecutive months, and the Board resolves that his office is vacated;
(gg) has been required by the stock exchange of the Relevant Territory (as defined in the Articles) to cease to be a Director; or
(hh) is removed from office by the requisite majority of the Directors or otherwise pursuant to the Articles.

From time to time the Board may appoint one or more of its body to be managing director, joint managing director or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the Board may determine, and the Board may revoke or terminate any of such appointments. The Board may also delegate any of its powers to committees consisting of such Director(s) or other person(s) as the Board thinks fit, and from time to time it may also revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.

(ii) Power to allot and issue shares and warrants

Subject to the provisions of the Cayman Companies Law, the Memorandum and Articles and without prejudice to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached to it such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the Board may determine). Any share may be issued on terms that upon the happening of a specified event or upon a given date and either at the option of the Company or the holder of the share, it is liable to be redeemed.

The Board may issue warrants to subscribe for any class of shares or other securities of the Company on such terms as it may from time to time determine.

Where warrants are issued to bearer, no certificate in respect of such warrants shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original certificate has been destroyed and the Company has received an indemnity in such form as the Board thinks fit with regard to the issue of any such replacement certificate.

Subject to the provisions of the Cayman Companies Law, the Articles and, where applicable, the rules of any stock exchange of the Relevant Territory (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others whose registered addresses are in any particular territory or territories where, in the absence of a registration statement or other special formalities, this is or may, in the opinion of the Board, be unlawful or impracticable. However, no member affected as a result of the foregoing shall be, or be deemed to be, a separate class of members for any purpose whatsoever.

(iii) Power to dispose of the assets of the Company or any of its subsidiaries

While there are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries, the Board may exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Cayman Companies Law to be exercised or done by the Company in general meeting, but if such power or act is regulated by the Company in general meeting, such regulation shall not invalidate any prior act of the Board which would have been valid if such regulation had not been made.

(iv) Borrowing powers

The Board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and uncalled capital of the Company and, subject to the Cayman Companies Law, to issue debentures, debenture stock, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(v) Remuneration

The Directors shall be entitled to receive, as ordinary remuneration for their services, such sums as shall from time to time be determined by the Board or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided among the Directors in such proportions and in such manner as they may agree or, failing agreement, either equally or, in the case of any Director holding office for only a portion of the period in respect of which the remuneration is payable, pro rata. The Directors shall also be entitled to be repaid all expenses reasonably incurred by them in attending any Board meetings, committee meetings or general meetings or otherwise in connection with the discharge of their duties as Directors. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

Any Director who, at the request of the Company, performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such special or extra remuneration as the Board may determine, in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the Board may from time to time decide. Such remuneration shall be in addition to his ordinary remuneration as a Director.

The Board may establish, either on its own or jointly in concurrence or agreement with subsidiaries of the Company or companies with which the Company is associated in business, or may make contributions out of the Company's monies to, any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which

expression as used in this and the following paragraph shall include any Director or former Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and former employees of the Company and their dependents or any class or classes of such persons.

The Board may also pay, enter into agreements to pay or make grants of revocable or irrevocable, whether or not subject to any terms or conditions, pensions or other benefits to employees and former employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or former employees or their dependents are or may become entitled under any such scheme or fund as mentioned above. Such pension or benefit may, if deemed desirable by the Board, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vi) Compensation or payments for loss of office

Payments to any present Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually or statutorily entitled) must be approved by the Company in general meeting.

(vii) Loans and provision of security for loans to Directors

The Company shall not directly or indirectly make a loan to a Director or a director of any holding company of the Company or any of their respective close associates, enter into any guarantee or provide any security in connection with a loan made by any person to a Director or a director of any holding company of the Company or any of their respective close associates, or, if any one or more of the Directors hold(s) (jointly or severally or directly or indirectly) a controlling interest in another company, make a loan to that other company or enter into any guarantee or provide any security in connection with a loan made by any person to that other company.

(viii) Disclosure of interest in contracts with the Company or any of its subsidiaries

With the exception of the office of auditor of the Company, a Director may hold any other office or place of profit with the Company in conjunction with his office of Director for such period and upon such terms as the Board may determine, and may be paid such extra remuneration for that other office or place of profit, in whatever form, in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director, officer or member of any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration or other benefits received by him as a director, officer or member of such other company. The Board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company.

No Director or intended Director shall be disqualified by his office from contracting with the Company, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or

arrangement by reason only of such Director holding that office or the fiduciary relationship established by it. A Director who is, in any way, materially interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the earliest meeting of the Board at which he may practically do so.

There is no power to freeze or otherwise impair any of the rights attaching to any share by reason that the person or persons who are interested directly or indirectly in that share have failed to disclose their interests to the Company.

A Director shall not vote or be counted in the quorum on any resolution of the Board in respect of any contract or arrangement or proposal in which he or any of his close associate(s) has/have a material interest, and if he shall do so his vote shall not be counted nor shall he be counted in the quorum for that resolution, but this prohibition shall not apply to any of the following matters:

(aa) the giving of any security or indemnity to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;

(bb) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has/have himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(cc) any proposal concerning an offer of shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(dd) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries, including the adoption, modification or operation of either: (i) any employees' share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit; or (ii) any of a pension fund or retirement, death or disability benefits scheme which relates to Directors, their close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or his close associate(s) any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

(ee) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares, debentures or other securities of the Company by virtue only of his/their interest in those shares, debentures or other securities.

The Board may meet anywhere in the world for the despatch of business and may adjourn and otherwise regulate its meetings as it thinks fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

(c) Alterations to the constitutional documents and the Company's name

To the extent that the same is permissible under Cayman Islands law and subject to the Articles, the Memorandum and Articles of the Company may only be altered or amended, and the name of the Company may only be changed, with the sanction of a special resolution of the Company.

(d) Meetings of member

(i) Special and ordinary resolutions

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or by proxy or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given.

Under Cayman Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within 15 days of being passed.

An "ordinary resolution", by contrast, is a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given.

A resolution in writing signed by or on behalf of all members shall be treated as an ordinary resolution duly passed at a general meeting of the Company duly convened and held, and where relevant as a special resolution so passed.

(ii) Voting rights and right to demand a poll

Subject to any special rights, restrictions or privileges as to voting for the time being attached to any class or classes of shares at any general meeting : (a) on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every share which is fully paid or credited as fully paid registered in his name in the register of members of the Company but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for this purpose as paid up on the share; and (b) on a show of hands every member who is present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote. Where more than one proxy is appointed by a member which is a Clearing House (as defined in the Articles) or its nominee(s), each such proxy shall have one vote on a show of hands. On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes he does use in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by poll save that the chairman of the meeting may, pursuant to the GEM Listing Rules, allow a resolution to be voted on by a show of hands. Where a show of hands is allowed, before or on the declaration of the result of the show of hands, a poll may be demanded by (in each case by members present in person or by proxy or by a duly authorised corporate representative):

(A) at least two members;
(B) any member or members representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
(C) a member or members holding shares in the Company conferring a right to vote at the meeting on which an aggregate sum has been paid equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Should a Clearing House or its nominee(s) be a member of the Company, such person or persons may be authorised as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised in accordance with this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the Clearing House or its nominee(s) as if such person were an individual member including the right to vote individually on a show of hands.

Where the Company has knowledge that any member is, under the GEM Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

(iii) Annual general meetings

The Company must hold an annual general meeting each year other than the year of the Company's adoption of the Articles. Such meeting must be held not more than 15 months after the holding of the last preceding annual general meeting, or such longer period as may be authorised by the Stock Exchange at such time and place as may be determined by the Board.

(iv) Notices of meetings and business to be conducted

An annual general meeting of the Company shall be called by at least 21 days' notice in writing, and any other general meeting of the Company shall be called by at least 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time, place and agenda of the meeting and particulars of the resolution(s) to be considered at that meeting and, in the case of special business, the general nature of that business.

Except where otherwise expressly stated, any notice or document (including a share certificate) to be given or issued under the Articles shall be in writing, and may be served by the Company on any member personally, by post to such member's registered address or (in the case of a notice) by advertisement in the newspapers. Any member whose registered address is outside Hong Kong may notify the Company in writing of an address in Hong Kong which shall be deemed to be his registered address for this purpose. Subject to the Cayman Companies Law and the Listing Rules, a notice or document may also be served or delivered by the Company to any member by electronic means.

Although a meeting of the Company may be called by shorter notice than as specified above, such meeting may be deemed to have been duly called if it is so agreed:

(i) in the case of an annual general meeting, by all members of the Company entitled to attend and vote thereat; and

(ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting holding not less than 95% of the total voting rights in the Company.

All business transacted at an extraordinary general meeting shall be deemed special business. All business shall also be deemed special business where it is transacted at an annual general meeting, with the exception of certain routine matters which shall be deemed ordinary business.

(v) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, and continues to be present until the conclusion of the meeting.

The quorum for a general meeting shall be two members present in person (or in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(vi) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of a duly authorised officer or attorney. Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form as the Board may from time to time approve, provided that it shall not preclude the use of the two-way form. Any form issued to a member for appointing a proxy to attend and vote at an extraordinary general meeting or at an annual general meeting at which any business is to be transacted shall be such as to enable the member, according to his intentions, to instruct the proxy to vote in favour of or against (or, in default of instructions, to exercise his discretion in respect of) each resolution dealing with any such business.

(e) Accounts and audit

The Board shall cause proper books of account to be kept of the sums of money received and expended by the Company, and of the assets and liabilities of the Company and of all other matters required by the Cayman Companies Law (which include all sales and purchases of goods by the company) necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions.

The books of accounts of the Company shall be kept at the head office of the Company or at such other place or places as the Board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any account or book or document of the Company except as conferred by the Cayman Companies Law or ordered by a court of competent jurisdiction or authorised by the Board or the Company in general meeting.

The Board shall from time to time cause to be prepared and laid before the Company at its annual general meeting balance sheets and profit and loss accounts (including every document required by law to be annexed thereto), together with a copy of the Directors' report and a copy of the auditors' report not less than 21 days before the date of the annual general meeting. Copies of these documents shall be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles together with the notice of annual general meeting, not less than 21 days before the date of the meeting.

Subject to the rules of the stock exchange of the Relevant Territory (as defined in the Articles), the Company may send summarised financial statements to shareholders who have, in accordance with the rules of the stock exchange of the Relevant Territory, consented and elected to receive summarised financial statements instead of the full financial statements. The summarised financial statements must be accompanied by any other documents as may be required under the rules of the stock exchange of the Relevant Territory, and must be sent to those shareholders that have consented and elected to receive the summarised financial statements not less than 21 days before the general meeting.

The Company shall appoint auditor(s) to hold office until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with the Board. The auditors' remuneration shall be fixed by the Company in general meeting or by the Board if authority is so delegated by the members.

The auditors shall audit the financial statements of the Company in accordance with generally accepted accounting principles of Hong Kong, the International Accounting Standards or such other standards as may be permitted by the Stock Exchange.

(f) Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the Board.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide:

(i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, although no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share;

(ii) all dividends shall be apportioned and paid pro rata in accordance with the amount paid up on the shares during any portion(s) of the period in respect of which the dividend is paid; and

(iii) the Board may deduct from any dividend or other monies payable to any member all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

Where the Board or the Company in general meeting has resolved that a dividend should be paid or declared, the Board may resolve:

(aa) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the members entitled to such dividend will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or

(bb) that the members entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit.

Upon the recommendation of the Board, the Company may by ordinary resolution in respect of any one particular dividend of the Company determine that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, bonus or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent and shall be sent at the holder's or joint holders' risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable or property distributable in respect of the shares held by such joint holders.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

The Board may, if it thinks fit, receive from any member willing to advance the same, and either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced may pay interest at such rate (if any) not exceeding 20 % per annum, as the Board may decide, but a payment in advance of a call shall not entitle the member to receive any dividend or to exercise any other rights or privileges as a member in respect of the share or the due portion of the shares upon which payment has been advanced by such member before it is called up.

All dividends, bonuses or other distributions unclaimed for one year after having been declared may be invested or otherwise used by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends, bonuses or other distributions unclaimed for six years after having been declared may be forfeited by the Board and, upon such forfeiture, shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

The Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

(g) Inspection of corporate records

For so long as any part of the share capital of the Company is listed on the Stock Exchange, any member may inspect any register of members of the Company maintained in Hong Kong (except when the register of members is closed) without charge and require the provision to him of copies or extracts of such register in all respects as if the Company were incorporated under and were subject to the Hong Kong Companies Ordinance.

(h) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles concerning the rights of minority members in relation to fraud or oppression. However, certain remedies may be available to members of the Company under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix.

(i) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

(i) if the Company is wound up and the assets available for distribution among the members of the Company are more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, then the excess shall be distributed *pari passu* among such members in proportion to the amount paid up on the shares held by them respectively; and

(ii) if the Company is wound up and the assets available for distribution among the members as such are insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up on the shares held by them, respectively.

If the Company is wound up (whether the liquidation is voluntary or compelled by the court), the liquidator may, with the sanction of a special resolution and any other sanction required by the Cayman Companies Law, divide among the members in specie or kind the whole or any part of the assets of the Company, whether the assets consist of property of one kind or different kinds, and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be so divided and may determine how such division shall be carried out as between the members or different classes of members and the members within each class. The liquidator may, with the like sanction, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator thinks fit, but so that no member shall be compelled to accept any shares or other property upon which there is a liability.

(j) Subscription rights reserve

Provided that it is not prohibited by and is otherwise in compliance with the Cayman Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of the shares to be issued on the exercise of such warrants, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of such shares.

3. CAYMAN ISLANDS COMPANY LAW

The Company was incorporated in the Cayman Islands as an exempted company on 18 November 2015 subject to the Cayman Companies Law. Certain provisions of Cayman Islands company law are set forth below but this section does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the Cayman Companies Law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

(a) Company operations

An exempted company such as the Company must conduct its operations mainly outside the Cayman Islands. An exempted company is also required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) Share capital

Under Cayman Companies Law, a Cayman Islands company may issue ordinary, preference or redeemable shares or any combination thereof. Where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangements in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation, the following:

(i) paying distributions or dividends to members;
(ii) paying up unissued shares of the company to be issued to members as fully paid bonus shares;
(iii) any manner provided in section 37 of the Cayman Companies Law;
(iv) writing-off the preliminary expenses of the company; and
(v) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

Notwithstanding the foregoing, no distribution or dividend may be paid to members out of the share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

Subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if authorised to do so by its articles of association, by special resolution reduce its share capital in any way.

(c) Financial assistance to purchase shares of a company or its holding company

There are no statutory prohibitions in the Cayman Islands on the granting of financial assistance by a company to another person for the purchase of, or subscription for, its own, its holding company's or a subsidiary's shares. Therefore, a company may provide financial assistance provided the directors of the company, when proposing to grant such financial assistance, discharge their duties of care and act in good faith, for a proper purpose and in the interests of the company. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a member and, for the avoidance of doubt, it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's

articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares; an ordinary resolution of the company approving the manner and terms of the purchase will be required if the articles of association do not authorise the manner and terms of such purchase. A company may not redeem or purchase its shares unless they are fully paid. Furthermore, a company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. In addition, a payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless, immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares that have been purchased or redeemed by a company or surrendered to the company shall not be treated as cancelled but shall be classified as treasury shares if held in compliance with the requirements of Section 37A(1) of the Cayman Companies Law. Any such shares shall continue to be classified as treasury shares until such shares are either cancelled or transferred pursuant to the Cayman Companies Law.

A Cayman Islands company may be able to purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. Thus there is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases. The directors of a company may under the general power contained in its memorandum of association be able to buy, sell and deal in personal property of all kinds.

A subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

Subject to a solvency test, as prescribed in the Cayman Companies Law, and the provisions, if any, of the company's memorandum and articles of association, a company may pay dividends and distributions out of its share premium account. In addition, based upon English case law which is likely to be persuasive in the Cayman Islands, dividends may be paid out of profits.

For so long as a company holds treasury shares, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

It can be expected that the Cayman Islands courts will ordinarily follow English case law precedents (particularly the rule in the case of Foss v. Harbottle and the exceptions to that rule) which permit a minority member to commence a representative action against or derivative actions in the name of the company to challenge acts which are ultra vires, illegal, fraudulent (and performed by those in control of the Company) against the minority, or represent an irregularity in the passing of a resolution which requires a qualified (or special) majority which has not been obtained.

Where a company (not being a bank) is one which has a share capital divided into shares, the court may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine the affairs of the company and, at the direction of the court, to report on such affairs. In addition, any member of a company may petition the court, which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

In general, claims against a company by its members must be based on the general laws of contract or tort applicable in the Cayman Islands or be based on potential violation of their individual rights as members as established by a company's memorandum and articles of association.

(g) Disposal of assets

There are no specific restrictions on the power of directors to dispose of assets of a company, however, the directors are expected to exercise certain duties of care, diligence and skill to the standard that a reasonably prudent person would exercise in comparable circumstances, in addition to fiduciary duties to act in good faith, for proper purpose and in the best interests of the company under English common law (which the Cayman Islands courts will ordinarily follow).

(h) Accounting and auditing requirements

A company must cause proper records of accounts to be kept with respect to: (i) all sums of money received and expended by it; (ii) all sales and purchases of goods by it and (iii) its assets and liabilities.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

If a company keeps its books of account at any place other than at its registered office or any other place within the Cayman Islands, it shall, upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2013 Revision) of the Cayman Islands, make available, in electronic form or any other medium, at its registered office copies of its books of account, or any part or parts thereof, as are specified in such order or notice.

(i) Exchange control

There are no exchange control regulations or currency restrictions in effect in the Cayman Islands.

(j) Taxation

Pursuant to section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet that:

(i) no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciation shall apply to the Company or its operations; and

(ii) no tax be levied on profits, income gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by the Company:

(aa) on or in respect of the shares, debentures or other obligations of the Company; or

(bb) by way of withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Law (2011 Revision).

The undertaking for the Company is for a period of 20 years from the date shown on the tax exemption certificate issued by Cabinet Offices in the Cayman Islands.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision prohibiting the making of loans by a company to any of its directors. However, the company's articles of association may provide for the prohibition of such loans under specific circumstances.

(m) Inspection of corporate records

The members of a company have no general right to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set forth in the company's articles of association.

(n) Register of members

A Cayman Islands exempted company may maintain its principal register of members and any branch registers in any country or territory, whether within or outside the Cayman Islands, as the company may determine from time to time. There is no requirement for an exempted company to make any returns of members to the Registrar of Companies in the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of member, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2013 Revision) of the Cayman Islands.

(o) Register of Directors and officers

Pursuant to the Cayman Companies Law, the Company is required to maintain at its registered office a register of directors, alternate directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within 60 days of any change in such directors or officers, including a change of the name of such directors or officers.

(p) Winding up

A Cayman Islands company may be wound up by: (i) an order of the court; (ii) voluntarily by its members; or (iii) under the supervision of the court.

The court has authority to order winding up in a number of specified circumstances including where, in the opinion of the court, it is just and equitable that such company be so wound up.

A voluntary winding up of a company (other than a limited duration company, for which specific rules apply) occurs where the company resolves by special resolution that it be wound up voluntarily or where the company in general meeting resolves that it be wound up voluntarily because it is unable to pay its debt as they fall due. In the case of a voluntary winding up, the company is obliged to cease to carry on its business from the commencement of its winding up except so far as it may be beneficial for its winding up. Upon appointment of a voluntary liquidator, all the powers of the directors cease, except so far as the company in general meeting or the liquidator sanctions their continuance.

In the case of a members' voluntary winding up of a company, one or more liquidators are appointed for the purpose of winding up the affairs of the company and distributing its assets.

As soon as the affairs of a company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and the property of the company disposed of, and call a general meeting of the company for the purposes of laying before it the account and giving an explanation of that account.

When a resolution has been passed by a company to wind up voluntarily, the liquidator or any contributory or creditor may apply to the court for an order for the continuation of the winding up under the supervision of the court, on the grounds that: (i) the company is or is likely to become insolvent; or (ii) the supervision of the court will facilitate a more effective, economic or expeditious liquidation of the company in the interests of the contributories and creditors. A supervision order takes effect for all purposes as if it was an order that the company be wound up by the court except that a commenced voluntary winding up and the prior actions of the voluntary liquidator shall be valid and binding upon the company and its official liquidator.

For the purpose of conducting the proceedings in winding up a company and assisting the court, one or more persons may be appointed to be called an official liquidator(s). The court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more than one person is appointed to such office, the court shall declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the court.

(q) Reconstructions

Reconstructions and amalgamations may be approved by a majority in number representing 75% in value of the members or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the courts. Whilst a dissenting member has the right to express to the court his view that the transaction for which approval is being sought would not provide the members with a fair value for their shares, the courts are unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of

management, and if the transaction were approved and consummated the dissenting member would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of their shares) ordinarily available, for example, to dissenting members of a United States corporation.

(r) Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may, at any time within two months after the expiration of that four-month period, by notice require the dissenting members to transfer their shares on the terms of the offer. A dissenting member may apply to the Cayman Islands courts within one month of the notice objecting to the transfer. The burden is on the dissenting member to show that the court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority members.

(s) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, save to the extent any such provision may be held by the court to be contrary to public policy, for example, where a provision purports to provide indemnification against the consequences of committing a crime.

4. GENERAL

Appleby, our Company's legal adviser on Cayman Islands law, has sent to our Company a letter of advice which summarises certain aspects of the Cayman Islands company law. This letter, together with a copy of the Cayman Companies Law, is available for inspection as referred to in the section headed "Documents Delivered to the Registrar of Companies in Hong Kong and Available for Public Inspection in Hong Kong" in Appendix V to this prospectus. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR COMPANY

1. Incorporation

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 18 November 2015. Our Company was registered as a non-Hong Kong company under Division 2 in Part 16 of the Companies Ordinance on 4 January 2016, and our Company's principal place of business in Hong Kong is situated at DD109 Lot 466(4), Tai Ma Road, Kam Tin, Yuen Long, New Territories, Hong Kong. Mr. CHAN Chi Leung of Flat A, 19th Floor, Block 3, Lido Garden, 41-63 Castle Peak Road, Sham Tseng, New Territories, Hong Kong, a Hong Kong resident, has been appointed as the authorised representative of our Company for the acceptance of service of process and notices in Hong Kong.

As our Company was incorporated in the Cayman Islands, we operate subject to the relevant laws and regulations of the Cayman Islands and our constitution which comprises the Memorandum and the Articles. A summary of certain provisions of the Memorandum and the Articles and certain aspects of the Companies Law is set forth in Appendix III to this prospectus.

2. Changes in share capital of our Company

The following sets forth the changes in the share capital of our Company since the date of incorporation:

(a) As of the date of incorporation, the authorised share capital of our Company was HK$20,000,000,000 divided into 2,000,000,000,000 Shares with par value HK$0.010 each. On the same date, one Share was subscribed by Reid Services Limited, which was subsequently transferred to Xinyi Glass (BVI). On the same date, an additional 99 Shares were allotted and issued to Xinyi Glass (BVI).

(b) On 14 December 2015, our Company allotted and issued 599 Shares to Xinyi Glass (BVI) upon the direction of Xinyi International in consideration of the transferring all the issued shares of Xinyi Automobile Glass (HK) to Xinyi Automobile Glass (BVI).

(c) On 25 June 2016, our Company allotted and issued 485,111,513.38 Shares to Xinyi Glass (BVI) by way of the Capitalisation Issue.

Immediately following completion of the Spin-Off and the Listing, the authorised share capital of our Company will be HK$20,000,000,000 divided into 2,000,000,000,000 Shares, of which (a) 540,112,212.38 Shares (including the Hong Kong Offer Shares) will be issued fully paid or credited as fully paid and (b) 1,999,459,887,787.62 Shares will remain unissued. Other than pursuant to the Issuing Mandate referred to in the paragraphs under "4. Written resolutions of our Sole Shareholder" below, our Directors do not have any present intention to issue any of the authorised but unissued share capital of our Company and without prior approval of our Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

Save as disclosed in the sections headed "History, Development and Reorganisation" and "Share Capital" in this prospectus, there has been no alteration in the share capital of our Company since its date of incorporation.

3. Changes in share capital of our subsidiaries

Further information on our subsidiaries is set forth in the Accountant's Report, the text of which is set forth in Appendix I to this prospectus.

There was no alteration in the share capital or registered capital of our subsidiaries within the two years immediately preceding the date of this prospectus.

4. Written resolutions of our sole Shareholder

Pursuant to the written resolutions passed by our sole Shareholder on 25 June 2016, HK$4,851,115.1338, being an amount out of the retained profit of our Company, was capitalised in full by way of allotment and issue of new Shares, and our Directors were authorised to allot and issue 485,111,513.38 new Shares credited as fully paid to Xinyi Glass (BVI).

In addition, pursuant to the written resolutions passed by our sole Shareholder on 25 June 2016, conditional upon:

(i) the Listing Department granting the listing of, and permission to deal in, our Shares in issue and the Hong Kong Offer Shares to be issued pursuant to the Hong Kong Public Offering on GEM and such listing and permission not subsequently having been revoked prior to the commencement of dealing in our Shares on GEM;
(ii) the Offer Price having been fixed on or around the Price Determination Date; and
(iii) the obligations of the Underwriters under the Hong Kong Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms of the Hong Kong Underwriting Agreement,

(a) the Articles were adopted with effect from the Listing Date;
(b) the Hong Kong Public Offering as stated in and upon the terms set forth in this prospectus were approved;
(c) the Listing was approved;
(d) the issue of 55,000,000 Hong Kong Offer Shares was approved;
(e) directions would be given by Xinyi Glass (BVI) and Xinyi Glass for the sole purpose of simplifying the Xinyi Glass Distribution such that an aggregate of 485,112,212.38 Shares will be transferred from Xinyi Glass (BVI) to certain Xinyi Glass Qualifying Shareholders;
(f) the Listing was approved and any Director was authorised to implement the Listing and to sign and execute such documents and do all such acts and things incidental to the Listing or as he or she considers necessary, desirable or expedient in connection with the implementation of or giving effect to the Listing;
(g) a general unconditional mandate was given to our Directors to allot, issue and deal with our Shares (otherwise than pursuant to, or in consequence of, the Spin-Off, a rights issue or any scrip dividend scheme or similar arrangements, any adjustment of rights to subscribe for our Shares under any options and warrants or a special authority granted by our Shareholders in general meeting) of an aggregate par value of not more than 20% of the issued share capital of our Company immediately following completion of the Spin-Off and the Listing;
(h) a general unconditional mandate (the "**Buy-Back Mandate**") was given to our Directors to exercise all powers of our Company to buy back Shares in issue or to be issued of an aggregate par value of not more than 10% of the number of Shares in issue immediately following completion of the Listing; and
(i) the general unconditional mandate as mentioned in paragraph (g) above was extended by the addition to the aggregate par value of our Shares which may be allotted and issued or agreed to be allotted and issued by our Directors pursuant to such general mandate of an amount representing the aggregate par value of our Shares bought back by our Company pursuant to the Buy-Back Mandate.

Each of the general mandates referred to in paragraphs (g), (h) and (i) above will remain in effect until whichever is the earliest of:

(i) the conclusion of the next annual general meeting of our Company; or
(ii) the expiration of the period within which our Company is required by law or our Articles to hold our next annual general meetings; or
(iii) the time when such mandate is varied or revoked by an ordinary resolution of our Shareholders in a general meeting.

5. Buy-back of our Shares

This section includes information relating to the buy-back of securities, including information required by the Stock Exchange to be included in this prospectus concerning such buy-back.

(1) Provisions of the GEM Listing Rules

The GEM Listing Rules permit companies whose primary listing is on the Stock Exchange to buy back their securities on the Stock Exchange subject to certain restrictions, the most important restrictions are summarised below:

(i) Shareholders' approval

All proposed buy-back of our Shares must be approved in advance by an ordinary resolution of our Shareholders in a general meeting, either by way of general mandate or by specific approval in relation to a particular transaction. Pursuant to the written resolutions passed on 25 June 2016 by our sole Shareholder, the Buy-Back Mandate has been given to our Directors.

(ii) Source of funds

Any buy-back of our Shares by us must be paid out of funds legally available for the purpose in accordance with our Articles, the GEM Listing Rules, the Companies Law and the laws of the Cayman Islands. We are not permitted to buy back our Shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

(iii) Shares to be bought back

The GEM Listing Rules provide that our Shares which are proposed to be bought back by us must be fully-paid up.

(2) Reasons for buy-back

Our Directors believe that it is in the best interest of our Company and our Shareholders for our Directors to have general authority from our Shareholders to enable our Company to buy back our Shares in the market. Such buy-back may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made where our Directors believe that such buy-back will benefit our Company and our Shareholders.

(3) Funding of buy-back

In repurchasing our Shares, we may only apply funds legally available for such purpose in accordance with the Articles, the GEM Listing Rules and the applicable laws and regulations of the Cayman Islands.

On the basis of our current financial position as disclosed in this prospectus and taking into account our current working capital position, our Directors consider that, if the Buy-Back Mandate is exercised in full, it might have a material adverse effect on our working capital and/or gearing position as compared with the position disclosed in this prospectus. However, our Directors do not propose to exercise the Buy-Back Mandate to such an extent as would, in the circumstances, have a material adverse effect on our working capital requirements or the gearing levels which in the opinion of our Directors are from time to time appropriate for us.

(4) General

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates currently intends to sell any Shares to us.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Buy-Back Mandate in accordance with the GEM Listing Rules and the applicable laws and regulations of the Cayman Islands. If, as a result of any buy-back of our Shares, a Shareholder's proportionate interest in the voting rights is increased, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of us and become obliged to make a mandatory offer in accordance with rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any buy-back pursuant to the Buy-Back Mandate.

We have not made any buy-back of our own securities in the past six months.

No connected person has notified us that he/she has a present intention to sell Shares to us, or has undertaken not to do so, if the Buy-Back Mandate is exercised.

B. REORGANISATION

Pursuant to the Reorganisation, which was effected in preparation for the Listing, our Company has become our ultimate holding company. Further information on the Reorganisation is set forth in the section headed "History, Development and Reorganisation" in this prospectus.

C. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of the material contracts

The Deed of Non-Competition and the Hong Kong Underwriting Agreement are the contracts not being entered into in our ordinary course of business and entered into by us or for our benefit within the two years preceding the date of this prospectus and is or may be material.

2. Material intellectual property rights of our Group

(a) Trademarks

As of the Latest Practicable Date, we had not registered any trademarks.

(b) Trademarks

On 13 January 2016, we applied for registration of the following trademark which, in the opinion of our Directors, is material to our business:

Trademark	Registrant	Place of application	Class	Application number	Application date
	Our Company	Hong Kong	12,21,37	303656089	13 January 2016

As of the Latest Practicable Date, the trademark was not yet successfully registered.

(c) Domain names

As of the Latest Practicable Date, we had registered the following domain names which is material to our business:

Domain name	Registered owner	Expiry date
www.xyglass.com.hk	Xinyi Automobile Glass (HK)	17 January 2017

3. Further information about members of our Group

(a) Hong Kong

Xinyi Automobile Glass (HK)

Type of company	Limited company
Company number	336994
Address of registered office	Ground Floor, 176 Sha Tsui Road, Tsuen Wan, New Territories, Hong Kong
Date and place of incorporation	10 December 1991, Hong Kong
Authorised share capital	N/A
Issued share capital	HK$100,000
Shareholder	Xinyi Automobile Glass (BVI)
Director(s)	Ms. LI Pik Yung, Mr. LEE Shing Kan and Mr. CHAN Chi Leung
Term	Perpetual

(b) BVI

Xinyi Automobile Glass (BVI)

Type of company	Limited company
Company number	1898246
Address of registered office	Jayla Place, Wickhams Cay I, Road Town, Tortola, British Virgin Islands
Date and place of incorporation	1 December 2015, BVI
Authorised share capital	Authorised to issue a maximum of 50,000 shares of US$1 par value each
Issued share capital	US$100
Shareholder	Our Company
Director(s)	Mr. TUNG Ching Sai and Mr. LEE Shing Kan
Term	Perpetual

D. FURTHER INFORMATION ABOUT THE DIRECTORS

1. Directors' service contracts and letters of appointment

Each of our executive Directors has entered into a service contract with us for an initial fixed term of three years commencing from the Listing Date and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other or in accordance with the terms of the service contract.

Each of our executive Directors is entitled to the respective basic salary set forth below (subject to adjustments in accordance with the resolutions passed by the remuneration committee of the Board and our Shareholders from time to time). Our executive Directors may not vote on any resolution of our Directors regarding the increment of his or her salary package.

The current annual salary and annual Director's fee of each of our executive Directors are as follows:

Name of our executive Directors	Annual salary and annual Director's fee
Ms. LI Pik Yung	HK$426,000
Mr. CHAN Chi Leung	HK$600,000

Each of our non-executive Directors and independent non-executive Directors has entered into a letter of appointment with us on 25 June 2016 for a term of three years commencing from the Listing Date. The annual fee for each of our non-executive Directors and independent non-executive Directors is set forth below:

Name of the non-executive and independent non-executive Directors	Annual Director's fee
Mr. TUNG Ching Sai	Nil
Mr. LEE Shing Kan	Nil
Mr. WANG Guisheng	HK$120,000
Mr. NG Wai Hung	HK$120,000
Mr. CHAN Hak Kan	HK$120,000

Save as aforesaid, none of our Directors has or is proposed to have a service contract or letter of appointment with us or any of our subsidiaries (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

2. Directors' remuneration during the Track Record Period

(a) During the Track Record Period, the aggregate amount of the remuneration paid and benefits in kind granted to our Directors by us and our subsidiaries was HK$0.7 million and HK$1.0 million, respectively.

(b) Ms. LI Pik Yung, our executive Director, has 81,000 share options outstanding granted under the share option scheme currently adopted by Xinyi Glass. These share options will continue to be valid and exercisable until their respective expiry dates.

(c) During the Track Record Period, no remuneration was paid by us to, or received by, our Directors as an inducement to join or upon joining us or as compensation for loss of office.

(d) There was no arrangement under which a director waived or agreed to waive any remuneration during the Track Record Period.

Save as disclosed in this Appendix, no other emoluments have been paid or are payable during the Track Record Period by us to our Directors.

E. DISCLOSURE OF INTERESTS

1. Disclosure of Interests

(a) Interests and short positions of our Directors in our Shares or the shares of our associated corporations following completion of the Listing

Immediately following completion of the Spin-Off and the Listing, the interests or short positions of our Directors and the chief executive of our Company in our Shares, underlying shares and debentures of our Company and our associated corporations, within the meaning of Part XV of the SFO which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7

and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to us and the Stock Exchange pursuant to the Rules 5.46 to 5.67 of the GEM Listing Rules, will be as follows:

Name of Director	Capacity	Name of the controlled corporations	Name of company	Number of Shares	Percentage of issued Shares (%)
Mr. TUNG Ching Sai[(1)] . .	Interest in a controlled corporation[(1)]	Copark[(1)] (as defined below)	Our Company	30,866,572.38	5.715
		Full Guang[(3)] (as defined below)	Our Company	3,696,750	0.684
	Personal interest/Spouse interest[(1)]		Our Company	12,338,250	2.284
	Interest in persons acting in concert[(2)]		Our Company	277,327,382.38	51.346

Notes:

(1) Mr. TUNG Ching Sai is the beneficial owner of all the issued share capital of Copark Investment Limited ("**Copark**"), a company incorporated in the BVI and wholly-owned by Mr. TUNG Ching Sai, which is the registered owner of 30,866,572.38 Shares. Mr. TUNG Ching Sai also has personal interest in 363,500 Shares held in his own name and 11,974,750 Shares held through his spouse, Madam SZE Tang Hung. All of our Shares are transferred to the respective Shareholders under the Xinyi Glass Distribution.

(2) Pursuant to the Shareholders' Agreement, the parties have agreed to grant a right of first offer to the other parties to the agreement if they want to sell their Shares transferred to them under the Xinyi Glass Distribution.

(3) The interests in our Shares are held through Full Guang Holdings Limited ("**Full Guang**"), a company incorporated in the BVI with limited liability on 19 December 2005. Full Guang is owned by Datuk LEE Yin Yee, B.B.S. as to 33.98%, Mr. TUNG Ching Bor as to 16.20%, Mr. TUNG Ching Sai as to 16.20%, Mr. LEE Sing Din as to 11.85%, Mr. LI Ching Wai as to 5.56%, Mr. NG Ngan Ho as to 3.70%, Mr. LI Man Yin as to 3.70%, Mr. SZE Nang Sze as to 5.09% and Mr. LI Ching Leung as to 3.70%.

(b) Interests and short positions discloseable under Divisions 2 and 3 of Part XV of the SFO

Immediately following completion of the Spin-Off and the Listing, in addition to the interests disclosed under paragraph (a) above, so far as our Directors are aware, the following person will have or will be deemed to have or taken to have interests or short positions in our Shares, underlying shares and debentures of our Company which will be required to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or would be, directly or indirectly, interested

in 10% or more of the par value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group or has any option is respect of such capital:

	Name of person	Capacity	Number of Shares	Percentage of issued Shares (%)
Long position	Madam SZE Tang Hung	Spouse interest[(1)]	277,327,382.38	51.346
Short position	Nil			
Long position.....	Madam DY Maria Lumin	Spouse interest[(2)]	277,327,382.38	51.346
Short position	Nil			

Notes:

(1) Madam SZE Tang Hung is the spouse of Mr. TUNG Ching Sai and she is deemed to be interested in the interest in our Shares of Mr. TUNG Ching Sai.

(2) Mr. LI Ching Leung's interests in Xinyi Glass Shares are held through his spouse Madam DY Maria Lumin.

2. Disclaimers

Save as disclosed in this Appendix:

(a) our Directors are not aware of any person (not being our Director or chief executive) who will, immediately after completion of the Spin-Off and the Listing) have an interest or a short position in our Shares or underlying shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will, directly or indirectly, be interested in 10% or more of the par value of any class of share capital carrying rights to vote in all circumstances at our general meetings;

(b) none of our Directors and the chief executive of our Company has any interest or short position in any of our Shares, underlying shares or debentures of our Company and our associated corporations within the meaning of Part XV of the SFO, which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, in each case once our Shares are listed;

(c) none of our Directors nor any of the parties listed in the paragraphs under "F. Other information — 9. Consents of experts" in this Appendix is interested in the promotion of our Company, or in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to our Company or any of our subsidiaries, or are proposed to be acquired or disposed of by or leased to our Company or any of our subsidiaries;

(d) none of our Directors nor any of the parties listed in the paragraphs under "F. Other information — 9. Consents of experts" in this Appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to our business; and

(e) none of the parties listed in this section:

(i) is interested legally or beneficially in any securities of our Company or any of our subsidiaries; or
(ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of our Company or any of our subsidiaries.

F. OTHER INFORMATION

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries under the laws of the Cayman Islands and the BVI, being jurisdictions in which one or more of the companies comprising our Group are incorporated.

1. Litigation

As of the Latest Practicable Date, save as disclosed in the section headed "Business — Non-compliant incident" in this prospectus and the paragraphs under "10. Non-compliance with the Predecessor Companies Ordinance" below, neither we nor any of our subsidiaries is involved in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against us, that would have a material adverse effect on its results of operations or financial condition.

2. Application for Listing

The Sole Sponsor made an application on our behalf to the Stock Exchange for listing of, and permission to deal in, the Shares in issue as mentioned herein. All necessary arrangements have been made to enable such Shares to be admitted into CCASS.

3. Preliminary expenses

Our Directors confirm that the preliminary expenses are less than HK$100,000 which have been paid by us.

4. Promoter

We have no promoter and no cash, securities or other benefit has been paid, allotted or given, or proposed to be paid, allotted or given, to any promoters within two years preceding the date of this prospectus.

5. Listing expenses

The estimated amount of total expenses incurred in relation to the Listing is HK$19.1 million, of which HK$12.7 million will be borne by the Remaining Group and HK$6.4 million will be borne by us. Out of the amount of HK$6.4 million to be borne by us, HK$6.1 million and HK$0.3 million will be charged to our profit or loss and debited to our equity, respectively. The expenses for Listing are mainly comprised of professional fees paid/payable to the parties involved in the Listing for their services rendered and the underwriting commission paid/payable to the Underwriters for the purpose of the Hong Kong Public Offering.

6. Sole Sponsor's independence

The Sole Sponsor satisfies the independence criteria applicable to sponsors as set forth in Rule 6.07 of the GEM Listing Rules. The fee payable to the Sole Sponsor for acting as our Company's sponsor to the Listing is HK$4.0 million.

7. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance so far as applicable.

8. Qualifications of experts

The following sets forth the qualifications of the experts who have given opinion or advice which are contained in this prospectus:

Name	Qualifications
RHB Capital Hong Kong Limited	A corporation licensed to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
PricewaterhouseCoopers	Certified Public Accountants
Squire Patton Boggs	Legal advisers as to Hong Kong law
Jim & Co., Solicitors	Legal advisers as to Hong Kong law
Appleby	Legal advisers as to the Cayman Islands law
Ipsos Limited	Industry consultant
Asset Appraisal Limited	Property valuer

9. Consents of experts

Each of RHB Capital Hong Kong Limited, PricewaterhouseCoopers, Squire Patton Boggs, Jim & Co., Solicitors, Appleby, Ipsos Limited and Asset Appraisal Limited has given and has not withdrawn its consent to the issue of this prospectus with the inclusion of its report and/or letter and/or summary of valuations and/or legal opinion, as the case may be, and references to its name included in the form and context in which it respectively appears.

None of the experts named above has any shareholding interests in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any of our subsidiaries.

10. Non-compliance with the Predecessor Companies Ordinance

The table below summarises the past non-compliance incidents with certain requirements of the Predecessor Companies Ordinance by our subsidiaries:

Details of the non-compliance incidents	Reasons for non-compliance incidents	Potential maximum penalty/fine	Remedial action(s) taken/to be taken
1. Failure to lay audited accounts made up to a date falling not more than nine months under section 122 of the Predecessor Companies Ordinance			
Xinyi Automobile Glass (HK)			
(a) One set of audited accounts for the financial periods from 10 December 1991 (date of incorporation) to 31 May 1997 were prepared but no separate audited accounts were prepared and laid at the respective annual general meetings within nine months.	(a) Xinyi Automobile Glass (HK) did not commence business from 10 December 1991 (date of incorporation) to January 1997. Thus, no separate audited accounts for the financial period from 10 December 1991 to 31 May 1992, for the years ended 31 May 1993, 31 May 1994, 31 May 1995, 31 May 1996 and 31 May 1997.	Directors of Xinyi Automobile Glass (HK) are liable to a fine of HK$300,000 and (if in the opinion of the court the offence was committed wilfully) imprisonment for 12 months. The non-compliance in relation to the audited accounts of Xinyi Automobile Glass (HK) can no longer be prosecuted as the time limit of three years to lay information or complaint relating to an offence under the Predecessor Companies Ordinance has already expired.	Squire Patton Boggs, our legal advisers as to Hong Kong corporate and securities law, has advised our Directors that the non-compliance incidents are time-barred under the Predecessor Companies Ordinance. As such, our Directors believe that no remedial actions will be required.
(b) Audited accounts for the years ended 31 May 1998 and 31 May 1999, for the period from 1 June 1999 to 31 December 2000 (due to change of financial year from 1 May to 31 December), and for the years ended 31 December 2001 and 31 December 2002 were prepared but not laid at the respective annual general meetings within nine months.	(b) These audited accounts were prepared in accordance with the requirements of the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) without having taken into account of the requirements of the Predecessor Companies Ordinance.	Directors of Xinyi Automobile Glass (HK) are liable to a fine of HK$300,000 and (if in the opinion of the court the offence was committed wilfully) imprisonment for 12 months. The non-compliance of Xinyi Automobile Glass (HK) in relation to the audited accounts of Xinyi Automobile Glass (HK) can no longer be prosecuted as the time limit of three years to lay information or complaint relating to an offence under the Predecessor Companies Ordinance has already expired.	Squire Patton Boggs, our legal advisers as to Hong Kong corporate and securities law, has advised our Directors that the non-compliance incidents are time-barred under the Predecessor Companies Ordinance. As such, our Directors believe that no remedial actions will be required.

Details of the non-compliance incidents	Reasons for non-compliance incidents	Potential maximum penalty/fine	Remedial action(s) taken/to be taken
2. Failure to enter into a book kept for written resolutions (and signatures thereto) agreed under section 116B of the Predecessor Companies Ordinance, and a record of all written records of one member companies provided under section 116BC of the Predecessor Companies Ordinance			
Xinyi Automobile Glass (HK) lost written resolutions of all members and sole member in lieu of annual general meetings for the years from 1992 to 2002	The loss of these written resolutions was due to moving of the business addresses of Xinyi Glass in Hong Kong and such loss was discovered in April 2004.	Each of Xinyi Automobile Glass (HK) and its officers are liable to a fine of HK$10,000 and a daily default fine of HK$300. The non-compliance of Xinyi Automobile Glass (HK) can no longer be prosecuted as the time limit of three years to lay information or complaint relating to an offence under the Predecessor Companies Ordinance has already expired.	Squire Patton Boggs, our legal advisers as to Hong Kong corporate and securities law, has advised our Directors that the non-compliance incidents are time-barred under the Predecessor Companies Ordinance. As such, our Directors believe that no remedial actions will be required.
3. Failure to enter into a book kept for minutes of all proceedings at meetings of directors under section 119 of the Predecessor Companies Ordinance			
Xinyi Automobile Glass (HK) lost certain minutes of directors' for the years from 1992 to 1998	The loss of these minutes of directors' meetings was due to moving of the business addresses of Xinyi Glass in Hong Kong and such loss was discovered in April 2004.	Each of Xinyi Automobile Glass (HK) and its officers are liable to a fine of HK$10,000 and a daily default fine of HK$300. The non-compliance of Xinyi Automobile Glass (HK) can no longer be prosecuted as the time limit of three years to lay information or complaint relating to an offence under the Predecessor Companies Ordinance has already expired.	Squire Patton Boggs, our legal advisers as to Hong Kong corporate and securities law, has advised our Directors that the non-compliance incidents are time-barred under the Predecessor Companies Ordinance. As such, our Directors believe that no remedial actions will be required.

As of the Latest Practicable Date, no fine or penalties were imposed on Xinyi Automobile Glass (HK) in relation to the above non-compliance incidents. Given that the above non-compliance incidents are either time-barred or have been remedied, no provision has been made in the financial statements of our Group.

In order to prevent recurrence of non-compliance incidents in the future, we have adopted and will adopt the following measures:

(a) Mr. CHAN Chi Leung has been appointed as our Company Secretary since 14 December 2015 who is responsible for our company secretarial matters. Further information on his qualifications and experience is set forth in the section headed "Directors, Senior Management and Employees" in this prospectus.
(b) We will seek legal advice from external legal advisers to ensure ongoing compliance.

11. Miscellaneous

Save as disclosed in the section headed "History, Development and Reorganisation" in this prospectus and this Appendix:

(a) within the two years immediately preceding the date of this prospectus, no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;
(b) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
(c) neither our Company nor any of our subsidiaries have issued or agreed to issue any founder shares, management shares or deferred shares;
(d) no commissions, discounts, brokerage or other special terms have been granted in connection with the issue or sale of any shares or loan capital of any member of our Group;
(e) no commission has been paid or payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any Shares;
(f) none of the equity and debt securities of our Company is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought;
(g) we have no outstanding convertible debt securities; and
(h) there has been no interruption in the business of our Group which had or may have had a significant effect on the financial position of our Group in the 12 months immediately preceding the date of this prospectus.

12. Bilingual prospectus

The English language and Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided by section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

(a) a copy of the **WHITE**, **YELLOW** and **GREEN** Application Forms;
(b) the written consents referred to in the paragraphs under "F. Other information — 9. Consents of experts" in Appendix IV to this prospectus; and
(c) copies of the material contracts referred to in the paragraphs under "C. Further information about our business — 1. Summary of the material contracts" in Appendix IV to this prospectus.

DOCUMENTS AVAILABLE FOR PUBLIC INSPECTION IN HONG KONG

Copies of the following documents will be available for public inspection at the offices of Squire Patton Boggs at 29th Floor, Edinburgh Tower, The Landmark, 15 Queen's Road Central, Hong Kong during normal business hours from 9:00 a.m. to 6:00 p.m. up to and including the date which is 14 days from the date of this prospectus:

— the Memorandum and the Articles;
— the accountant's report from PricewaterhouseCoopers, the text of which is set forth in Appendix I to this prospectus;
— the audited financial statements of Xinyi Automobile Glass (HK) for the Track Record Period;
— the letter from PricewaterhouseCoopers on the unaudited pro forma financial information of our Group, the text of which is set forth in Appendix II to this prospectus;
— the material contracts referred to in the paragraph headed "C. Further Information about our business — 1. Summary of the material contracts" in Appendix IV to this prospectus;
— the service contracts of our executive Directors and the letters of appointment with our non-executive Directors and independent non-executive Directors referred to under "D. Further information about the Directors — 1. Directors' service contracts and letters of appointment" in Appendix IV to this prospectus;
— the written consents set forth in "F. Other information — 9. Consents of experts" in Appendix IV to this prospectus;
— the Cayman Companies Law;
— letter of advice issued by Appleby summarising certain aspects of the Cayman Companies Law referred to in Appendix III to this prospectus;
— the letter of advice issued by Squire Patton Boggs to our Company in respect of certain provisions under the Predecessor Companies Ordinance;
— the Hong Kong legal opinion issued by Jim & Co., Solicitors to our Company in respect of our property interests;
— the rental valuation report relating to the shop No. 6 premises of our Tokwawan service centre prepared by Asset Appraisal Limited; and
— the text of the *Ipsos Report*.

XINYI AUTOMOBILE GLASS
HONG KONG ENTERPRISES LIMITED
信義汽車玻璃香港企業有限公司