



信義香港
XINYI
HONG KONG

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

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 08328



2017

THIRD QUARTERLY REPORT

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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

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

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This report, for which the board (the “Board”) of the directors (the “Directors”) of Xinyi Automobile Glass Hong Kong Enterprises Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with The Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company and its subsidiaries (together, the “Group”). The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

The Board is pleased to present the unaudited condensed consolidated results of the Group for the nine months ended 30 September 2017 together with the comparative unaudited figures for the nine months ended 30 September 2016, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2017

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Revenue	3	29,000	12,599	52,155	37,803
Cost of revenue		(23,237)	(9,180)	(41,738)	(25,587)
Gross profit		5,763	3,419	10,417	12,216
Other income		2,193	2	4,872	110
Selling and marketing costs		(1,310)	(761)	(3,185)	(2,832)
Administrative expenses		(2,339)	(1,927)	(7,009)	(8,021)
Operating profit		4,307	733	5,095	1,473
Finance income		51	11	85	13
Finance costs		(213)	—	(213)	—
Profit before income tax		4,145	744	4,967	1,486
Income tax expense	4	(904)	(329)	(1,428)	(1,174)
Profit for the period		3,241	415	3,539	312
Other comprehensive income:					
<i>Item that may be subsequently reclassified to profit or loss:</i>					
Currency translation differences		2,015	—	4,185	—
Total comprehensive income attributable to owners of the Company		5,256	415	7,724	312
Basic and diluted earnings per share (HK cents per share)	6	0.60	0.08	0.66	0.06

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2017

	Share capital HK\$'000	Share premium HK\$'000	Exchange reserves HK\$'000	Capital reserves HK\$'000	Share option reserves HK\$'000	Retained profit HK\$'000	Total HK\$'000
Balance at 1 January 2017 (Audited)	5,401	36,175	(1,946)	13,587	2,922	46,197	102,336
Comprehensive income							
Profit for the period	—	—	—	—	—	3,539	3,539
Other comprehensive income	—	—	4,185	—	—	—	4,185
Total comprehensive income	—	—	4,185	—	—	3,539	7,724
Transactions with owners							
Employee's share option scheme:							
– Value of employee services	—	—	—	—	25	—	25
Balance at 30 September 2017 (Unaudited)	5,401	36,175	2,239	13,587	2,947	49,736	110,085
Balance at 1 January 2016 (Audited)	—	—	—	9,100	2,720	50,985	62,805
Comprehensive income							
Profit for the period	—	—	—	—	—	312	312
Transactions with owners							
Employee's share option scheme:							
– Value of employee services	—	—	—	—	202	—	202
Listing expenses borne by Xinyi Glass Group	—	—	—	3,877	—	—	3,877
Public offering of shares	550	37,002	—	—	—	—	37,552
Capitalisation issue of shares	4,851	—	—	—	—	(4,851)	—
Balance at 30 September 2016 (Unaudited)	5,401	37,002	—	12,977	2,922	46,446	104,748

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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 registered office of the Company 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 principally engaged in the provision of installation of automobile glass products in Hong Kong. The Group is also engaged in the production and sales of lithium battery related products, the trading of forklift, the provision of wind farm management services and investment and development in wind farm projects in The People's Republic of China (the "PRC").

The shares of the Company has been listed on GEM of the Stock Exchange since 11 July 2016 (the "Listing").

The unaudited condensed consolidated financial information is presented in Hong Kong dollars ("HK\$") which is the same as the functional currency of the Company.

2. BASIS OF PREPARATION

New accounting policy adopted by the Group during the nine months ended 30 September 2017

The Group invested in an available-for-sale financial asset during the nine months ended 30 September 2017. Available-for-sale financial asset is non-derivative that is either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

Available-for-sale financial asset is initially recognised at fair value plus transaction costs. Available-for-sale financial asset is derecognised when the rights to receive cash flows from the investment have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial asset is subsequently carried at fair value with changes in fair value recognised in other comprehensive income. For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment losses.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

2. BASIS OF PREPARATION – CONTINUED

Except for the adoption of the above policy and new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which are effective for the Group’s financial year beginning on 1 January 2017, the accounting policies applied in preparing this unaudited condensed consolidated financial information for the nine months ended 30 September 2017 are consistent with those of the annual financial statements for the year ended 31 December 2016, which have been prepared in accordance with HKFRSs. The unaudited condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2016.

The Group has not applied the new and revised HKFRSs that have been issued by the HKICPA but are not yet effective. The Group has commenced an assessment of the impact of these new standards and amendments, but is not yet in a position to state whether they would have a significant impact on its results and financial position.

3. REVENUE

An analysis of the revenue from the Group’s principal activities, which is also the Group’s turnover are as follows:

	Three months ended 30 September		Nine months ended 30 September	
	2017 HK\$’000 (Unaudited)	2016 HK\$’000 (Unaudited)	2017 HK\$’000 (Unaudited)	2016 HK\$’000 (Unaudited)
Sales of automobile glass with installation and repair services	15,136	12,599	38,291	37,803
Sales of lithium battery products	7,869	—	7,869	—
Sales of forklift	5,815	—	5,815	—
Wind farm management service	180	—	180	—
	29,000	12,599	52,155	37,803

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

4. INCOME TAX EXPENSE

	Three months ended 30 September		Nine months ended 30 September	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Current income tax				
– Hong Kong profits tax (Note(a))	569	329	1,093	1,174
– PRC corporate income tax ("CIT") (Note (b))	335	—	335	—
	904	329	1,428	1,174

Notes:

- (a) Hong Kong profits tax has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profits for the period.
- (b) CIT is provided on the estimated taxable profits of the subsidiaries established in the PRC for the period, calculated in accordance with the relevant tax rules and regulations.

5. DIVIDENDS

The Board does not recommend the payment of dividend for the nine months ended 30 September 2017 (2016: Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

6. EARNINGS PER SHARE

Basic earnings 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 nine months ended 30 September 2017 and 2016.

	Three months ended 30 September		Nine months ended 30 September	
	2017 (Unaudited)	2016 (Unaudited)	2017 (Unaudited)	2016 (Unaudited)
Profit attributable to owners of the Company (HK\$'000)	3,241	415	3,539	312
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share ('000)	540,113	534,135	540,113	501,573

The number of ordinary shares for the purpose of calculating basic earnings per share has been determined on the assumption that the 485,111,513.38 and 750 shares issued under the capitalisation issue on 25 June 2016 and 8 July 2016 respectively had been effective on 1 January 2016.

The diluted earnings per share for the respective periods are the same as the basic earnings per share as there were no dilutive potential shares.

MANAGEMENT DISCUSSION AND ANALYSIS

VEHICLE GLASS REPAIR AND REPLACEMENT BUSINESS

The Group currently has four service centres and a motorcade service team with 22 vehicles for the provision of its services.

Driven by the strategy to enhance the business relationship with insurance companies, the Group has entered into two additional cooperation agreement with an insurance company in Hong Kong during the nine months ended 30 September 2017 for the provision of vehicle glass repairing service to the cars under their insurance coverage.

The Directors are optimistic that the Hong Kong vehicle glass repairs and replacement market will remain stable over the next few years. The Group is committed to continue to improve the quality and the efficiency of the services it provides, so as to increase its market share of its core business in Hong Kong.

NEW ENERGY – LITHIUM BATTERY AND RELATED BUSINESS

As one of the strategies of the Group set forth in the Prospectus, the Group has started setting up a production plant for the production of lithium battery products in the PRC since the third quarter of 2016. The production plant has commenced the commercial production close to end of second quarter of 2017. The delivery for sale of battery products commenced in the third quarter of 2017. Two of the Group's customers for power battery are engaged in the production of forklift. It is agreed with the customers we also engage in the trading of forklift powered with our lithium battery. Such arrangement brings the synergistic effect in boosting the sale of lithium battery as well as the forklift of our customers, and contribute to a new source of revenue to the Group.

In March 2017, the Group has established 信義儲能微電網研究院(東莞)有限公司 (“信義儲能”) with initial registered capital of RMB10 million for the purpose of engaging in the development and sale of energy storage facilities with lithium batteries, like large-scale power banks for manufacturing facilities to facilitate load shifting and power stabilisation and power banks for households. 信義儲能 is currently in the process of product development. Energy storage products are expected to be launched in 2018.

The Directors are optimistic about the prospect of lithium battery industry and target to leverage the production capacity of the production facilities from 300 million watt-hours to about 1.3 billion watt-hours in the next two years after completion of the relevant feasibility study.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

NEW ENERGY – WIND POWER BUSINESS

Pursuant to the agreement dated 20 January 2017 entered into between Xinyi Power Source (a subsidiary of the Company) as the subscriber, and Xinyi Energy Smart (Wuhu) Company Limited (a subsidiary of Xinyi Glass) as the existing investor of Xinyi Wind Power (Jinzhai) Company Limited (“Xinyi Wind”), Xinyi Power Source had made a capital contribution of approximately RMB2.2 million (equivalent to approximately HK\$2.5 million) by way of cash to Xinyi Wind to subscribe for approximately 18% equity interest in Xinyi Wind on 27 April 2017. Xinyi Wind has a wind farm in Anhui Province at construction stage with grid-connection partially completed in the third quarter of 2017.

Following the above equity investment, the Group has formed a team of technicians for the development, operation and maintenance of wind power farms. The Directors believe that such initiative facilitates the Group to be acquainted with wind power farm operations and is beneficial to the future business development of the Group. The team provides management services to Xinyi Wind at a monthly management fee of RMB160,000 pursuant to a management service agreement dated 31 August 2017. The management service transactions constitute continuing connection transactions for the Company and fall within the scope of de minimis exemption under Rule 20.74(1) of the GEM Listing Rules.

The Directors will continue to carry out the implementation plans set forth in the Prospectus and assess new business opportunities prudently for the purpose of creating maximum economic return to the shareholders (the “Shareholders”) of the Company and facilitating the long-term growth of the business of the Group as a whole.

FINANCIAL REVIEW

REVENUE

In line with the increase in demand from the insurance companies which are customers of the Group, the revenue of the Group from the Vehicle Glass Repair and Replacement Business continued to grow during the nine months ended 30 September 2017. The Group’s revenue from this business for the nine months ended 30 September 2017 amounted to HK\$38.3 million (2016: HK\$37.8 million) and recorded a period-on-period increase of HK\$0.5 million or 1.3% from the nine months ended 30 September 2016.

Starting from August 2017, Lithium Battery and Related Businesses started to contribute revenue to the Group with HK\$7.9 million sale of lithium battery products and HK\$5.8 million sale of forklifts generated during the nine months ended 30 September 2017.

Starting from September 2017, the Group started to provide wind farm management services which contributed HK\$0.2 million revenue for the nine months ended 30 September 2017.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

COST OF REVENUE AND GROSS PROFIT

Cost of revenue comprised of HK\$25.8 million (2016: HK\$25.6 million) arising from the Vehicle Glass Repair and Replacement Business, HK\$15.8 million (2016: Nil) arising from the Lithium Battery and Related Businesses and HK\$0.1 million (2016: Nil) from the Wind Power Business.

Cost of revenue of Vehicle Glass Repair and Replacement Business increased by approximately 0.7% from HK\$25.6 million for the nine months ended 30 September 2016 to approximately HK\$25.8 million for the nine months ended 30 September 2017. The gross profit increased slightly by 2.5% from approximately HK\$12.2 million for the nine months ended 30 September 2016 to approximately HK\$12.5 million for the nine months ended 30 September 2017.

Cost of revenue for the Lithium Battery and Related Businesses of HK\$15.8 million (2016: Nil) represents mainly the material costs, labour cost and rental expenses of the factory premises. The rental expenses were fully refundable from the PRC government which give rise a corresponding other income.

Cost of revenue for the Wind Power Business represents mainly the staff costs.

EXPENSES

Selling and marketing costs for the period increased by approximately HK\$0.4 million which was mainly due to increase in employee benefit expenses for the relevant activities.

Administrative expenses for the nine months ended 30 September 2016 included non-recurring expenses in relation to the Listing of the shares (the "Shares") of the Company on the Stock Exchange of HK\$4.9 million. Excluding the expenses for the Listing, administrative expenses increased by approximately HK\$3.9 million from HK\$3.1 million for the nine months ended 30 September 2016 to approximately HK\$7.0 million for the nine months ended 30 September 2017, primarily due to the increase in emoluments of HK\$1.9 million paid to the staff and directors and increase in audit and other professional fee of HK\$1.2 million.

PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY

Profit attributable to owners of the Company increased by 1,034.3%, or HK\$3.2 million, from HK\$0.3 million for the nine months ended 30 September 2016 to HK\$3.5 million for the nine months ended 30 September 2017. Excluding the Listing expenses of HK\$4.9 million incurred and charged to profit and loss for the nine months ended 30 September 2016, the profit attributable to owners of the Company for the nine months ended 30 September 2016 was HK\$5.2 million, representing a period-on-period decrease of HK\$1.7 million or 32.2%. The decrease was mainly attributable to the operating performance of the Group as analysed above.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As of 30 September 2017, the interests of the Directors and their associates in the shares, underlying shares and debentures of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance, or as otherwise notified to the Company and the Stock Exchange pursuant to the model code for securities transactions by Directors of the Company (the "Model Code"), were as follows:

(I) LONG POSITIONS IN THE SHARES OF THE COMPANY

Director	Capacity	Name of the controlled corporations	Number of issued shares held	Percentage of the issued share capital of the Company (%)
Tan Sri Datuk TUNG Ching Sai	Interest in a controlled corporation ⁽¹⁾	Copark ⁽¹⁾ (as defined below)	30,866,571	5.71
		Full Guang ⁽³⁾ (as defined below)	3,696,750	0.68
	Personal interest/ Spouse interest ⁽¹⁾		75,234,750	13.93
	Interest in persons acting in concert ⁽²⁾		356,927,378	66.08

Notes:

- (1) Tan Sri Datuk 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 Tan Sri Datuk TUNG Ching Sai, which is the registered owner of 30,866,571 Shares. Tan Sri Datuk TUNG Ching Sai also has personal interest in 363,500 Shares held in his own name and 74,871,250 Shares held through his spouse, Puan Sri SZE Tang Hung.
- (2) Pursuant to the shareholders' agreement dated 25 June 2016 (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 allotted to them under the Xinyi Glass Distribution (as defined in the Prospectus).
- (3) The interests in the 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%, Tan Sri Datuk 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%.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(II) SHARE OPTIONS OF THE COMPANY

Director/Chief executive	Capacity	Number of share options outstanding	Percentage of the issued share capital of the Company (%)
Ms. LI Pik Yung	Personal interest	40,000	0.01
	Spouse interest ⁽¹⁾	40,000	0.01
Mr. CHAN Chi Leung	Personal interest	40,000	0.01
Mr. SHI Chit Yuk	Personal interest	40,000	0.01
	Spouse interest ⁽¹⁾	40,000	0.01

Note:

- (1) Ms. LI Pik Yung is the spouse of Mr. SHI Chit Yuk. They are deemed to have interest in the outstanding share options of each other.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings concerning securities transaction set forth in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries with all Directors, the Company was not aware of any non-compliance with such required standard of dealings and its code of conduct regarding securities transactions by directors during the nine months ended 30 September 2017.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

So far as is known to the Directors, as of 30 September 2017, the following persons (not being a Director or chief executive of the Company) had, or were deemed to have interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

LONG POSITIONS IN THE SHARES OF THE COMPANY

Name of the Shareholders	Nature of interest and capacity	Number of issued shares held	Percentage of the issued share capital of the Company (%)
Datuk LEE Yin Yee, B.B.S.	Interest in controlled corporation ⁽³⁾	90,651,194	16.78
	Interest in controlled corporation ⁽¹⁾	3,696,750	0.68
	Personal interest ⁽³⁾	18,539,250	3.43
	Interest in persons acting in concert ⁽²⁾	356,927,378	66.08
Mr. TUNG Ching Bor	Interest in a controlled corporation ⁽⁴⁾	33,345,807	6.17
	Interest in controlled corporation ⁽¹⁾	3,696,750	0.68
	Personal interest ⁽⁴⁾	5,450,000	1.01
	Interest in persons acting in concert ⁽²⁾	356,927,378	66.08
Mr. LEE Sing Din	Interest in a controlled corporation ⁽⁵⁾	31,449,386	5.82
	Interest in controlled corporation ⁽¹⁾	3,696,750	0.68
	Personal interest	2,596,250	0.48
	Interest in persons acting in concert ⁽²⁾	356,927,378	66.08
Mr. LI Ching Wai	Interest in a controlled corporation ⁽⁶⁾	14,572,608	2.70
	Interest in controlled corporation ⁽¹⁾	3,696,750	0.68
	Interest in persons acting in concert ⁽²⁾	356,927,378	66.08
Mr. LI Man Yin	Interest in a controlled corporation ⁽⁷⁾	9,880,238	1.83
	Interest in controlled corporation ⁽¹⁾	3,696,750	0.68
	Personal interest ⁽⁷⁾	1,292,500	0.24
	Interest in persons acting in concert ⁽²⁾	356,927,378	66.08
Mr. SZE Nang Sze	Interest in a controlled corporation ⁽⁸⁾	14,203,847	2.63
	Interest in controlled corporation ⁽¹⁾	3,696,750	0.68
	Personal interest	835,000	0.15
	Interest in persons acting in concert ⁽²⁾	356,927,378	66.08
Mr. NG Ngan Ho	Interest in a controlled corporation ⁽⁹⁾	9,731,739	1.80
	Interest in controlled corporation ⁽¹⁾	3,696,750	0.68
	Personal interest	925,000	0.17
	Interest in persons acting in concert ⁽²⁾	356,927,378	66.08
Mr. LI Ching Leung	Interest in a controlled corporation ⁽¹⁰⁾	9,731,738	1.80
	Interest in controlled corporation ⁽¹⁾	3,696,750	0.68
	Personal interest ⁽¹⁰⁾	3,561,250	0.65
	Interest in persons acting in concert ⁽²⁾	356,927,378	66.08

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Notes:

- (1) The interests in the Shares are held through Full Guang. Full Guang is owned by Datuk LEE Yin Yee, B.B.S. as to 33.98%, Mr. TUNG Ching Bor as to 16.20%, Tan Sri Datuk 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 entered amongst the Controlling Shareholders, 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) Datuk LEE Yin Yee, B.B.S.'s interests in 90,651,194 Shares are held through Realbest Investment Limited, a company incorporated in the BVI with limited liability and wholly-owned by Datuk LEE Yin Yee, B.B.S.. Datuk LEE Yin Yee, B.B.S.'s interests in 18,539,250 Shares are held through a joint account with his spouse, Madam TUNG Hai Chi.
- (4) Mr. TUNG Ching Bor's interests in 33,345,807 Shares are held through High Park Technology Limited, a company incorporated in the BVI with limited liability and wholly-owned by Mr. TUNG Ching Bor. Mr. TUNG Ching Bor's interests in 5,450,000 Shares are held through a joint account with his spouse, Madam KUNG Sau Wai.
- (5) Mr. LEE Sing Din's interest in Shares are held through Telerich Investment Limited, a company incorporated in the BVI with limited liability and wholly-owned by Mr. LEE Sing Din.
- (6) Mr. LI Ching Wai's interests in Shares are held through Goldbo International Limited, a company incorporated in the BVI with limited liability and wholly-owned by Mr. LI Ching Wai.
- (7) Mr. LI Man Yin's interests in 9,880,238 Shares are held through Perfect All Investments Limited, a company incorporated in the BVI with limited liability and wholly-owned by Mr. LI Man Yin. Mr. LI Man Yin's interests in 1,292,500 Shares are held through a joint account with his spouse, Madam LI Sau Suet.
- (8) Mr. SZE Nang Sze's interests in Shares are held through Goldpine Limited, 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 Shares are held through Linkall Investment Limited, a company incorporated in the BVI with limited liability and wholly-owned by Mr. NG Ngan Ho.
- (10) Mr. LI Ching Leung's interests in 9,731,738 Shares are held through Herosmart Holdings Limited, a company incorporated in the BVI with limited liability and wholly-owned by Mr. LI Ching Leung. Mr. LI Ching Leung has personal interests in 3,511,250 Shares held in his own name and 50,000 Shares held through his spouse, Madam DY Maria Lumin.

Save as disclosed above, as at 30 September 2017, the Directors were not aware of any other persons (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept pursuant to section 336 of the SFO.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

SHARE OPTION SCHEME

A share option scheme (the “Scheme”) was adopted by the shareholders of the Company at the annual general meeting held on 31 May 2017 and will be valid for a period of ten years from the date of adoption of the Scheme. For further details of the Scheme, please refer to the circular issued by the Company on 31 March 2017. 312,000 share options were granted under the Scheme during the nine months ended 30 September 2017.

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

During the nine months ended 30 September 2017, neither the Company, nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

COMPETING INTERESTS

As far as the Directors are aware, during the nine months ended 30 September 2017, none of the Directors or the Controlling Shareholders or their respective associates (as defined in the GEM Listing Rules) have any interests in a business which competed or may compete with the business of the Group.

INTERESTS OF THE COMPLIANCE ADVISER

As notified by RHB Capital Hong Kong Limited (“RHB Capital”), save as the compliance adviser agreement entered into between the Company and RHB Capital dated 16 December 2015, neither RHB Capital, its close associates nor any of the directors or employees of RHB Capital who have been involved in providing advice to the Company, has or may have any interest in securities of the Company or which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules as of 30 September 2017.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Board is committed to ensuring and upholding a high standard of corporate governance, transparency and business practices, which are fundamental to the success of the Group and protecting the overall interests of the Company and its shareholders.

The Company's corporate governance practices are based on the principles of the Corporate Governance Code (the “CG Code”) as set forth in Appendix 15 to the GEM Listing Rules. During the nine months ended 30 September 2017, the Company had complied with the applicable code provisions set forth in the CG Code.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

AUDIT COMMITTEE

The Company has established an audit committee of the Board with written terms of reference in compliance with the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and risk management and internal control systems of the Group, nominate and monitor external auditors and provide advice and comments to the Board on matters related to corporate governance. The members of the audit committee comprises three independent non-executive Directors, namely Mr. WANG Guisheng, Mr. NG Wai Hung and Mr. CHAN Hak Kan, B.B.S., JP. Mr. WANG Guisheng is the chairman of the audit committee.

The unaudited condensed consolidated financial information of the Company for the nine months ended 30 September 2017 has been reviewed by the audit committee.

By order of the Board
Xinyi Automobile Glass Hong Kong Enterprises Limited
Tan Sri Datuk TUNG Ching Sai
Chairman

Hong Kong, 3 November 2017

As of the date of this report, the executive Directors are Ms. LI Pik Yung and Mr. CHAN Chi Leung, the non-executive Directors are Tan Sri Datuk TUNG Ching Sai (Chairman) and Mr. LEE Shing Kan, and the independent non-executive Directors are Mr. WANG Guisheng, Mr. NG Wai Hung and Mr. CHAN Hak Kan, B.B.S., JP.