

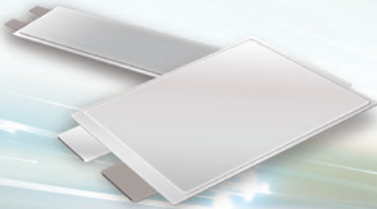


信義香港  
XINYI  
HONG KONG

**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

**2018**  
INTERIM REPORT



## CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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Given that companies listed on GEM are small and mid-sized companies, 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 (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 aspects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*



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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### *Executive Directors*

Ms. LI Pik Yung  
Mr. CHAN Chi Leung<sup>^</sup>

### *Non-executive Directors*

Mr. TUNG Ching Sai (*Chairman*)<sup>-</sup>  
Mr. LEE Shing Kan<sup>o</sup>

### *Independent non-executive Directors*

Mr. WANG Guisheng<sup>\* o <</sup>  
Mr. NG Wai Hung<sup># <</sup>  
Mr. CHAN Hak Kan, B.B.S., JP<sup># +</sup>

- \* Chairman of audit committee
- # Members of audit committee
- + Chairman of remuneration committee
- o Members of remuneration committee
- Chairman of nomination committee
- < Members of nomination committee
- ^ Compliance officer

## COMPANY SECRETARY

Mr. CHAN Chi Leung, CPA

## REGISTERED OFFICE

PO Box 1350  
Clifton House  
75 Fort Street  
Grand Cayman KY1-1108  
Cayman Islands

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 2116-2117, 21st Floor  
Rykanan Capital Tower  
No. 135 Hoi Bun Road, Kwun Tong  
Kowloon, Hong Kong

## LEGAL ADVISERS AS TO HONG KONG LAW

Squire Patton Boggs  
29th Floor, Edinburgh Tower  
The Landmark  
15 Queen's Road Central  
Central, Hong Kong

## COMPLIANCE ADVISER

RHB Capital Hong Kong Limited  
12th Floor, World-Wide House  
19 Des Voeux Road Central  
Hong Kong

## CORPORATE INFORMATION (CONTINUED)

### AUDITOR

PricewaterhouseCoopers,  
Certified Public Accountant  
22nd Floor, Prince's Building  
Central, Hong Kong

### PRINCIPAL BANKERS

Bank of China (Hong Kong)  
DBS Bank  
Fubon Bank (Hong Kong)  
Hang Seng Bank  
HSBC  
Huishang Bank  
Industrial Bank

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

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 1712-1716, 17th Floor  
Hopewell Centre  
183 Queen's Road East  
Wanchai, Hong Kong

### COMPANY'S WEBSITE

[www.xyglass.com.hk](http://www.xyglass.com.hk)

### SHARE INFORMATION

Place of listing: GEM of the Stock Exchange  
Stock code: 08328  
Listing date: 11 July 2016  
Board lot: 4,000 ordinary shares  
Financial year end: 31 December  
Share price as of the date of this  
interim report: HK\$2.05  
Market capitalisation as of the date of this  
interim report:  
Approximately HK\$1,329 million

The Board is pleased to present the unaudited condensed consolidated results of the Group for the six months ended 30 June 2018 together with the comparative unaudited figures for the six months ended 30 June 2017 as follows:

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2018

	Note	Three months ended 30 June		Six months ended 30 June	
		2018	2017	2018	2017
		HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
<b>Revenue</b>	3	<b>50,490</b>	12,327	<b>77,450</b>	23,155
Cost of revenue	6	<b>(32,502)</b>	(9,459)	<b>(51,936)</b>	(18,501)
<b>Gross profit</b>		<b>17,988</b>	2,868	<b>25,514</b>	4,654
Other income	4	<b>1,815</b>	1,384	<b>3,469</b>	2,584
Other gains/(losses), net	4	<b>54</b>	(67)	<b>(25)</b>	(52)
Selling and marketing costs	6	<b>(2,258)</b>	(1,082)	<b>(3,801)</b>	(1,875)
Administrative expenses	6	<b>(8,571)</b>	(2,480)	<b>(13,225)</b>	(4,523)
<b>Operating profit</b>		<b>9,028</b>	623	<b>11,932</b>	788
Finance income	5	<b>225</b>	20	<b>273</b>	34
Finance costs	5	<b>(266)</b>	—	<b>(456)</b>	—
<b>Profit before income tax</b>		<b>8,987</b>	643	<b>11,749</b>	822
Income tax expense	7	<b>(2,114)</b>	(469)	<b>(2,974)</b>	(524)
<b>Profit for the period</b>		<b>6,873</b>	174	<b>8,775</b>	298
<b>Other comprehensive income:</b> <i>Item that may be subsequently reclassified to profit or loss:</i>					
Currency translation differences		<b>(10,708)</b>	1,581	<b>(3,282)</b>	2,170
<b>Total comprehensive income attributable to owners of the Company</b>		<b>(3,835)</b>	1,755	<b>5,493</b>	2,468
<b>Basic and diluted earnings per share (HK cents per share)</b>	8	<b>1.15</b>	0.03	<b>1.54</b>	0.06

## CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2018

	Note	30 June 2018 HK\$'000 (Unaudited)	31 December 2017 HK\$'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Plant and equipment	10	90,369	95,655
Leasehold land	10	8,430	8,581
Prepayments for plant and equipment	11	1,851	1,580
Available-for-sale financial assets		8,543	8,641
		<b>109,193</b>	114,457
<b>Current assets</b>			
Inventories		51,190	42,503
Trade and other receivables	11	69,385	47,995
Cash and cash equivalents		188,082	39,498
		<b>308,657</b>	129,996
<b>Total assets</b>		<b>417,850</b>	244,453
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	12	6,481	5,401
Reserves		321,347	118,005
<b>Total equity</b>		<b>327,828</b>	123,406

	Note	30 June 2018 HK\$'000 (Unaudited)	31 December 2017 HK\$'000 (Audited)
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities		1,571	1,588
<b>Current liabilities</b>			
Trade and other payables	14	55,857	61,867
Current income tax liabilities		2,594	2,592
Bank borrowings	15	30,000	55,000
		88,451	119,459
<b>Total liabilities</b>		90,022	121,047
<b>Total equity and liabilities</b>		417,850	244,453





## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

	Share capital HK\$'000	Share premium HK\$'000	Capital reserves HK\$'000	Share option reserves HK\$'000	Exchange reserves HK\$'000	Available-for-sale reserves HK\$'000	Statutory reserves HK\$'000	Retained profit HK\$'000	Total equity HK\$'000
<b>Balance at 1 January 2018</b> (Audited)	5,401	36,175	13,587	2,951	5,529	4,178	615	54,970	123,406
<b>Comprehensive income</b>									
Profit for the period	—	—	—	—	—	—	—	8,775	8,775
<b>Other comprehensive income</b>									
Currency translation differences	—	—	—	—	(3,282)	—	—	—	(3,282)
<b>Total comprehensive income</b>	—	—	—	—	(3,282)	—	—	8,775	5,493
<b>Transactions with owners</b>									
Issuance of shares, net of transaction costs	1,080	197,812	—	—	—	—	—	—	198,892
Employee's share option scheme: – Value of employee services	—	—	—	37	—	—	—	—	37
<b>Balance at 30 June 2018</b> (Unaudited)	6,481	233,987	13,587	2,988	2,247	4,178	615	63,745	327,828
Balance at 1 January 2017 (Audited)	5,401	36,175	13,587	2,922	(1,946)	—	—	46,197	102,336
<b>Comprehensive income</b>									
Profit for the period	—	—	—	—	—	—	—	298	298
<b>Other comprehensive income</b>									
Currency translation differences	—	—	—	—	2,170	—	—	—	2,170
<b>Total comprehensive income</b>	—	—	—	—	2,170	—	—	298	2,468
Balance at 30 June 2017 (Unaudited)	5,401	36,175	13,587	2,922	224	—	—	46,495	104,804

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2018

	Six months ended 30 June	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
<b>Cash flows from operating activities</b>		
Cash used in operations	(19,826)	(9,539)
Interest paid	(456)	—
Income tax paid	(2,972)	(2,394)
Net cash used in operating activities	(23,254)	(11,933)
<b>Cash flows from investing activities</b>		
Purchases of an available-for-sale financial asset	—	(2,834)
Purchases of plant and equipment	(6,174)	(30,914)
Government grant received and write-off with property, plant and equipment	4,064	—
Other investing cash flow – net	273	199
Net cash used in investing activities	(1,837)	(33,549)
<b>Cash flows from financing activities</b>		
Net proceeds from issuance of ordinary shares for rights issues	198,892	—
Proceeds from bank borrowings	—	45,000
Repayment of bank borrowings	(25,000)	—
Other financing cash flow – net	—	(38)
Net cash generated from financing activities	173,892	44,962
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>148,801</b>	<b>(520)</b>
Cash and cash equivalents at beginning of the period	39,448	42,688
Effect of foreign exchange rate changes	(167)	98
<b>Cash and cash equivalents at end of the period</b>	<b>188,082</b>	<b>42,266</b>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM 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. The Group is principally engaged in the provision of installation of automobile glass products in Hong Kong, and the production and sale of energy storage products and battery pack system, the trading of forklift as well as 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 unaudited condensed consolidated interim financial information is presented in Hong Kong dollars ("HK\$") which is the same as the functional currency of the Company.

## 2. BASIS OF PRESENTATION AND PREPARATION

### **New accounting policy adopted by the Group during the six months ended 30 June 2018**

Except for the adoption of the 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 2018, the accounting policies applied in preparing this unaudited condensed consolidated financial information for the six months ended 30 June 2018 are consistent with those of the annual financial statements for the year ended 31 December 2017, which have been prepared in accordance with HKFRSs. The condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2017.

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.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

### 3. REVENUE AND SEGMENT INFORMATION

Revenue recognised during the period is as follows:

	Six months ended 30 June	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Sales of automobile glass with installation and repair services	26,491	23,155
Energy storage products and battery pack system business		
– Battery energy storage system	33,459	—
– Battery pack system	11,449	—
– Lithium battery	2,035	—
	46,943	—
Trading of forklift	2,962	—
Wind farm management fee	1,054	—
Total revenue	77,450	23,155

Management has determined the operating segments based on the reports reviewed by the executive directors that are used to make strategic decision.

The executive directors determine the reportable segments from product perspective. The executive directors identified four operating segments, which represent the Group's reportable segments, respectively, including (1) sales of automobile glass with installation and repair services; (2) energy storage products and battery pack system business; (3) trading of forklift; and (4) the operation of wind farm related business in the PRC.

The executive directors assess the performance of the operating segments based on a measure of gross profit or loss.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

### 3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Set out below is a summary list of performance indicators reviewed by the executive directors on a regular basis:

	Six months ended 30 June 2018 (Unaudited)				
	Sales of automobile glass with installation and repair services HK\$'000	Energy storage products and battery pack system business HK\$'000	Trading of forklift HK\$'000	Wind farm related business HK\$'000	Total HK\$'000
Revenue	26,491	46,943	2,962	1,054	77,450
Cost of revenue	(17,529)	(31,361)	(2,149)	(897)	(51,936)
Gross profit/(loss)	8,962	15,582	813	157	25,514

	Six months ended 30 June 2017 (Unaudited)				
	Sales of automobile glass with installation and repair services HK\$'000	Energy storage products and battery pack system business HK\$'000	Trading of forklift HK\$'000	Wind farm related business HK\$'000	Total HK\$'000
Revenue	23,155	—	—	—	23,155
Cost of revenue	(15,995)	(2,506)	—	—	(18,501)
Gross profit/(loss)	7,160	(2,506)	—	—	4,654

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

### 3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

A reconciliation of segment gross profit to profit before income tax is provided as follows:

	Six months ended 30 June	
	2018 HK\$'000	2017 HK\$'000
Segment gross profit	25,514	4,654
Unallocated:		
Other income (Note 4)	3,469	2,584
Other (losses)/gains, net (Note 4)	(25)	(52)
Selling and marketing costs (Note 6)	(3,801)	(1,875)
Administrative expenses (Note 6)	(13,225)	(4,523)
Finance income (Note 5)	273	34
Finance costs (Note 5)	(456)	—
Profit before income tax	11,749	822

During the six months ended 30 June 2018, Customer A and B accounted for 38.3% (2017: Nil) and 15.2% (2017: Nil) of the total revenue of the Group, respectively. Revenue from customer A are attributed to the energy storage products and battery pack system business segment, trading of forklift and wind farm related business. Revenue for Customer B is attributed to the energy storage products and battery pack system business segment.

An analysis of the Group's sales by geographical area of its customers is as follows:

	Six months ended 30 June	
	2018 HK\$'000	2017 HK\$'000
Hong Kong	26,491	23,155
The PRC	50,959	—
	77,450	23,155

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

### 3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

The segment information provided to the executive directors for the reportable segments is as follows:

	Assets and liabilities				Total HK\$'000
	Sales of automobile glass with installation and repair services HK\$'000	Energy storage products and battery pack system business HK\$'000	Trading of forklift HK\$'000	Wind farm related business HK\$'000	
<b>At 30 June 2018 (Unaudited)</b>					
Total assets	90,314	193,527	8,125	10,585	302,551
Total liabilities	(6,149)	(49,329)	(993)	(2,661)	(59,132)
<b>At 31 December 2017 (Audited)</b>					
Total assets	45,540	168,378	20,070	9,936	243,924
Total liabilities	(8,302)	(52,274)	(2,757)	(1,598)	(64,931)

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

### 3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Reportable segment assets/(liabilities) are reconciled to total assets/(liabilities) as follows:

	Assets as at		Liabilities as at	
	30 June 2018 HK\$'000 (Unaudited)	31 December 2017 HK\$'000 (Audited)	30 June 2018 HK\$'000 (Unaudited)	31 December 2017 HK\$'000 (Audited)
Segment assets/(liabilities)	<b>302,551</b>	243,924	<b>(59,132)</b>	(64,931)
Unallocated:				
Prepayments, deposits and other receivables	<b>295</b>	101	—	—
Cash and bank balances	<b>114,904</b>	428	—	—
Bank borrowings	—	—	<b>(30,000)</b>	(55,000)
Other payables	—	—	<b>(710)</b>	(996)
Amounts due to related parties	—	—	<b>(180)</b>	(120)
Total assets/(liabilities)	<b>417,750</b>	244,453	<b>(90,022)</b>	(121,047)

Non-current assets

	As at	
	30 June 2018 HK\$'000 (Unaudited)	31 December 2017 HK\$'000 (Audited)
Hong Kong	<b>12,566</b>	13,080
Mainland China	<b>87,984</b>	92,736
	<b>100,550</b>	105,816



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

### 4. OTHER INCOME AND OTHER GAINS/(LOSSES), NET

	Three months ended 30 June		Six months ended 30 June	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
<b>Other income</b>				
Government grant	1,792	1,377	3,274	2,566
Others	23	7	195	18
	<b>1,815</b>	<b>1,384</b>	<b>3,469</b>	<b>2,584</b>
<b>Other gains/(losses), net</b>				
Exchange gains/(losses)	55	(147)	(23)	(147)
Net disposal (losses)/gain from plants and equipment	(1)	80	(2)	95
	<b>54</b>	<b>(67)</b>	<b>(25)</b>	<b>(52)</b>

### 5. FINANCE INCOME AND FINANCE COSTS

	Three months ended 30 June		Six months ended 30 June	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Finance income				
Interest income on bank deposits	225	20	273	34
Finance costs				
Interest on bank borrowings	(433)	(38)	(700)	(38)
Less: Interest expense capitalised on qualifying assets	167	38	244	38
	<b>(266)</b>	<b>—</b>	<b>(456)</b>	<b>—</b>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

### 6. EXPENSE BY NATURE

Expenses included in cost of revenue, selling and marketing expenses and administrative expenses are analysed as follows:

	Six months ended 30 June	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Audited)
Cost of inventories	27,729	5,609
Write-off of inventories	102	103
Depreciation expenses	5,894	683
Amortisation expenses	151	150
Employee benefit expenses (including directors' emoluments)	18,792	10,357
Motor vehicle expenses	1,103	743
Operating lease payments in respect of rented premises	4,436	4,972
Legal and professional fees	1,636	933
Utility expenses	3,308	61
Other expenses	5,912	1,288
	<b>68,861</b>	<b>24,899</b>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

### 7. INCOME TAX EXPENSE

	Three months ended 30 June		Six months ended 30 June	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Current income tax				
– Hong Kong profits tax	650	469	928	524
– PRC Corporate Income Tax	1,464	—	2,046	—
	<b>2,114</b>	469	<b>2,974</b>	524

Hong Kong profits tax has been provided for at the rate of 16.5% (2017: 16.5%) on the estimated assessable profits arising in or derived from Hong Kong for the six months ended 30 June 2018.

Provision for PRC Corporate Income Tax are calculated at 25% of estimated profit for the six months ended 30 June 2018.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

### 8. 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 six months ended 30 June 2018 and 2017.

	Three months ended 30 June		Six months ended 30 June	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Profit attributable to owners of the Company (HK\$'000)	6,873	174	8,775	298
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share ('000)	595,905	540,113	568,163	540,113
Basic and diluted earnings (HK cents per share)	1.15	0.03	1.54	0.06

No adjustment has been made to the basic earnings per share amount for the six months ended 30 June 2018 and 2017 as the Group had no potential dilutive ordinary shares in issue during the respective periods.

### 9. DIVIDENDS

No interim dividend was declared during the six months ended 30 June 2018 (2017: Nil).

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

## 10. CAPITAL EXPENDITURE

	Plant and equipment HK\$'000	Leasehold land HK\$'000
<b>Six months ended 30 June 2018 (Unaudited)</b>		
Opening net book amount at 1 January 2018	95,655	8,581
Additions	5,687	—
Reduction upon receipt of government subsidy	(4,064)	—
Depreciation/Amortisation	(5,894)	(151)
Exchange differences	(1,015)	—
Closing net book amount at 30 June 2018	90,369	8,430
<b>Six months ended 30 June 2017 (Unaudited)</b>		
Opening net book amount at 1 January 2017	68,479	8,881
Additions	18,558	—
Depreciation/Amortisation	(908)	(150)
Exchange differences	1,766	—
Closing net book amount at 30 June 2017	87,895	8,731

## 11. TRADE AND OTHER RECEIVABLES

	30 June 2018 HK\$'000 (Unaudited)	31 December 2017 HK\$'000 (Audited)
Trade receivables (Note)	47,656	21,734
Bill receivables	—	6,707
Prepayments	4,225	5,855
Value added tax recoverable	12,084	10,387
Deposits and other receivables	7,271	4,892
	71,236	49,575
Less: non-current portion	(1,851)	(1,580)
Current portion	69,385	47,995

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

## 11. TRADE AND OTHER RECEIVABLES (CONTINUED)

Note:

The majority of credit period granted by the Group to its customers is generally 30 to 90 days. At 30 June 2018 and 31 December 2017, the ageing analysis of the Group's trade receivables based on invoice date was as follows:

	30 June 2018 HK\$'000 (Unaudited)	31 December 2017 HK\$'000 (Audited)
0 - 90 days	42,154	16,687
91 - 180 days	2,979	4,942
181 - 365 days	2,506	64
Over 365 days	17	41
	<b>47,656</b>	<b>21,734</b>

## 12. SHARE CAPITAL

On 16 March 2018, the Board announced that the Company proposed to raise fund by way of rights issue of approximately 108,023,000 rights shares on the basis of one rights share for every five existing shares of the Company at a subscription price of HK\$1.85 per rights share (the "**Rights Issue**"). The rights shares were issued on 15 May 2018 and net proceeds of approximately HK\$198.89 million were raised by the Company.

The number of the Company's shares authorised and issued as of 30 June 2018 and 31 December 2017 are as follows:

	Number of shares	HK\$'000
<b>Authorised:</b>		
Ordinary shares of HK\$0.01 each	2,000,000,000,000	20,000,000
<b>Ordinary shares, issued and fully paid:</b>		
<b>At 1 January 2017, 31 December 2017 and 1 January 2018 (Audited)</b>	540,112,962.38	5,401
Issuance of ordinary shares upon rights issue	108,022,591	1,080
<b>At 30 June 2018 (Unaudited)</b>	<b>648,135,553.38</b>	<b>6,481</b>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

### 13. SHARE OPTIONS

Movements in the number of share options granted by the Company and their related weighted average exercise prices are as follows:

	For the six months ended 30 June	
	2018 Options (units)	2017 Options (units)
At 1 January	312,000	—
Adjustment on rights issue	8,493	—
At 30 June	320,493	—

Details of the share options outstanding at 30 June 2018 (after adjustments of the exercise prices and the number of share options as a result of the rights issue completed in May 2018) and 31 December 2017 are as follows:

Expiry date	At 30 June 2018 (Unaudited)		At 31 December 2017 (Audited)	
	Exercise price in HK dollars per share	Options (units)	Exercise price in HK dollars per share	Options (units)
31 March 2021	1.52	320,493	1.56	312,000

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

### 14. TRADE AND OTHER PAYABLES

	30 June 2018 HK\$'000 (Unaudited)	31 December 2017 HK\$'000 (Audited)
Trade payables (Note)		
– Third parties	18,757	21,195
– Related companies	471	345
	<b>19,228</b>	21,540
Amounts due to related companies (non-trade)	2,002	229
Accrued salaries and bonus	6,069	8,533
Other payables for plant and equipment	22,732	27,012
Other creditors and accruals	5,826	4,553
	<b>55,857</b>	61,867

Note:

Payment term with majority of the suppliers is 30 to 90 days.

The ageing analysis of trade payables based on invoice date as at the balance sheet date is as follows:

	30 June 2018 HK\$'000 (Unaudited)	31 December 2017 HK\$'000 (Audited)
0 - 90 days	18,220	20,628
91 - 180 days	537	850
Over 180 days	—	62
	<b>18,757</b>	21,540



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

## 15. BANK BORROWINGS

The bank borrowings are unsecured and repayable as follows:

	30 June 2018 HK\$'000 (Unaudited)	31 December 2017 HK\$'000 (Audited)
Within 1 year	30,000	55,000

As at 30 June 2018, all bank borrowings bore floating interest rates. The carrying amounts of the Group's bank borrowings are denominated in HK\$ and approximate their fair values as at 30 June 2018. The effective interest rates per annum at reporting date were as follows:

	30 June 2018	31 December 2017
Bank borrowings	3.70%	2.36%

The bank borrowings were secured by corporate guarantee provided by the Company.

## 16. FINANCIAL RISK MANAGEMENT

### *Fair value estimation*

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

The table below analyses the Group's financial instruments carried at fair value by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

## 16. FINANCIAL RISK MANAGEMENT (CONTINUED)

### *Fair value estimation (Continued)*

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
<b>As at 30 June 2018 (Unaudited)</b>				
<b>Assets</b>				
Available-for-sale financial asset	—	—	8,543	8,543
<b>As at 31 December 2017 (Audited)</b>				
<b>Assets</b>				
Available-for-sale financial asset	—	—	8,641	8,641

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

	HK\$'000
<b>As at 31 December 2017 and 1 January 2018 (Audited)</b>	<b>8,641</b>
Currency translation differences	(98)
<b>As at 30 June 2018 (Unaudited)</b>	<b>8,543</b>

Instruments included in level 3 represent unlisted equity interest, which was classified as available-for-sale financial asset.

The fair value of available-for-sale financial asset is determined using discounted cash flow approach.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

## 17. RELATED PARTY TRANSACTIONS

During the six months ended 30 June 2018 and 2017, save as disclosed elsewhere in the report, the Group carried out the following significant transactions with its related parties:

	Six months ended 30 June	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Purchases of goods for Automobile Glass Installation Business from Xinyi Glass Group	2,587	1,918
Revenue for processing of lithium battery energy storage products received from Xinyi Glass Group	29,379	—
Sale of forklift battery charger to Xinyi Glass Group	291	—
Sale of forklift battery charger to Xinyi Solar Group	178	—
Management fee received from Xinyi Glass Group	1,054	—
Share option expenses recharged by Xinyi Glass	74	123
Operating lease payments in respect of office premises paid to Cheer Wise Investments Limited	60	60
Operating lease rental to Mr. LEE Shing Kan and Mr. TUNG Fong Ngai	228	228

Pursuant to the agreement dated 20 January 2017 entered into between Anhui Xinyi Power Source Company Limited ("**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.

The controlling shareholders, namely Mr. LEE Yin Yee, B.B.S., Mr. TUNG Ching Bor, Mr. TUNG Ching Sai, Mr. LEE Sing Din, Mr. LI Ching Leung, Mr. LI Ching Wai, Mr. LI Man Yin, Mr. NG Ngan Ho and Mr. SZE Nang Sze (collectively the "**Underwriters**"), have entered into an underwriting agreement (the "**Underwriting Agreement**") with the Company. As the Rights Issue was oversubscribed, the obligations of the Underwriters under the Underwriting Agreement have been fully discharged and the Underwriters are not required to take up any rights shares not taken up by qualifying shareholders.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

### 17. RELATED PARTY TRANSACTIONS (CONTINUED)

The transactions with related companies are entered into at terms mutually agreed between the relevant parties.

Key management compensation amounted to HK\$3,987,000 for the six months ended 30 June 2018 (2017: HK\$3,893,000).

### 18. CAPITAL COMMITMENT

The capital expenditure contracted but not yet incurred is as follows:

	30 June 2018 HK\$'000 (Unaudited)	31 December 2017 HK\$'000 (Audited)
Commitment for acquisition of property, plant and equipment	137,711	6,246

### 19. EVENTS AFTER THE REPORTING PERIOD

On 4 July 2018, the Group entered into a purchase agreement with an independent third party for the acquisition of a piece of land located in Zhanjiangang, Jiangsu, China at the consideration of RMB6,500,000 (equivalent to HK\$7,647,000). The Group plans to use the land for the establishment of a new lithium battery production plant. The land was previously used by a liquidated factory which ceased operations years ago. For preparing the land to be used by the Group for the said purpose, it has to demolish part of old buildings and structure on the land. The waste and scrap materials following the demolition may be sold to third parties as other income of the Group which is expected to be realised in the second half of 2018.

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW AND PROSPECTS

### *New Energy — Energy Storage Products and Battery Pack System Business, together with Trading of Forklifts*

The Group has started setting up a plant for the production of lithium battery products in a leased property located in the Wuhu City, Anhui Province, China since the third quarter of 2016. The delivery for sale of lithium battery packs commenced in the third quarter of 2017. Hence, during the six months ended 30 June 2017, no revenue was generated from these business activities. Products of the Group are delivered mainly in integrated system comprising lithium batteries, battery management system, and/or other components like energy management system and power conditioning system.

Two of the Group's customers for power batteries are engaged in the production of forklifts. The Group has also agreed with these two customers to source forklifts from them and the Group engages in the trading of forklifts powered by its lithium battery packs/lithium batteries. Such arrangement brings synergies effect in boosting the sales of both lithium battery packs/lithium batteries as well as forklift, contributing a new source of revenue for the Group.

The Group also engages in the development, processing and sale of energy storage facilities with lithium batteries, like large-scale power banks for manufacturing facilities to facilitate load shifting and power stabilization, uninterruptible power supply (UPS) and power banks for households. The first energy storage product has been delivered for sale in January 2018.

The Group is preparing for the set-up of a plant for the production of lithium battery products in Zhangjiagang, Jiangsu Province, China. As at the date of this report, the Group has entered into agreements with various vendors for the acquisition of machineries and a piece of land. Following the completion of plant set-up, the total annual production capacity for lithium battery energy storage products and battery pack system is expected to be increased from 300 million watt-hours to 1.3 billion watt-hours by year 2019.

### *New Energy – Wind Power Business*

In April 2017, the Group had subscribed for approximately 18% equity interest in Xinyi Wind. Xinyi Wind has a wind farm in Anhui Province with grid connection completed in the fourth quarter of 2017. Following the 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 since the third quarter of 2017.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### Vehicle Glass Repair and Replacement Business

The Group currently has four service centres and a motorcade service team with 21 vehicles for the provision of its services.

Driven by the strategy to enhance the business relationship with insurance companies, the Group has entered into one additional cooperation agreements with insurance companies in Hong Kong during the six months ended 30 June 2018 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.

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

For the six months ended 30 June 2018, the Group’s revenue was HK\$77.5 million (2017: HK\$23.2 million), representing an increase by 234.5% mainly attributable to the increase in demand for sale of automobile glass with installation and repair services, as well as revenue contributed by new business segments as analysed as follows:

#### Revenue — by segment

	Six months ended 30 June					
	2018		2017		Increase	
	HK\$'million	%	HK\$'million	%	HK\$'million	%
Sale of automobile glass with installation and repair services	26.5	34.2	23.2	100	3.3	14.4
Energy storage products and battery pack system business	46.9	60.6	—	—	46.9	N/A
Trading of forklift	3.0	3.8	—	—	3.0	N/A
Wind farm related business	1.1	1.4	—	—	1.1	N/A
Total revenue	77.5	100	23.2	100	54.3	234.5

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### *Cost of revenue and gross profit*

Cost of revenue comprised of HK\$17.5 million (2017: HK\$16.0 million) arising from the vehicle glass repair and replacement business, HK\$31.4 million (2017: HK\$2.5 million) arising from the energy storage products and battery pack system business, HK\$2.1 million (2017: Nil) arising from trading of forklifts, and HK\$0.9 million (2017: Nil) arising from the wind farm related business.

Cost of revenue of vehicle glass repair and replacement business increased by approximately 9.6% from HK\$16.0 million for the six months ended 30 June 2017 to approximately HK\$17.5 million for the six months ended 30 June 2018. The gross profit increased by 25.2% from approximately HK\$7.2 million for the six months ended 30 June 2017 to approximately HK\$9.0 million for the six months ended 30 June 2018. The increase in cost of revenue of 9.6% was lower than the % increase in revenue of 14.4% mainly due to the incurrence of rental and other overhead expenses including labour costs was relatively constant.

Cost of revenue for the energy storage products and battery pack system business of HK\$31.4 million (2017: HK\$2.5 million) represents mainly the material cost, labour cost, depreciation 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 trading of forklifts represents mainly the purchase cost of forklifts.

Cost of revenue for the wind farm related business represents mainly the staff costs.

### *Expenses*

Selling and marketing costs for the period increased by approximately HK\$1.9 million which was mainly due to increase in employee benefit expenses and advertisement costs for the relevant activities.

Administrative expenses increased by approximately HK\$8.7 million from HK\$4.5 million for the six months ended 30 June 2017 to approximately HK\$13.2 million for the six months ended 30 June 2018, primarily due to the increase in research and development costs of HK\$5.1 million and increase in emoluments of HK\$2.4 million paid to the staff (exclusive of research and development staffs) and directors.

### *Profit attributable to owners of the Company*

Profit attributable to owners of the Company for the six months ended 30 June 2018 amounted to HK\$8.8 million (2017: HK\$0.3 million). The increase in the profitability was mainly attributable to the operating performance of the Group as analysed above.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### *Financial resources and liquidity*

For the six months ended 30 June 2018, the Group's primary source of funding included its own working capital, the net proceeds from the Listing in July 2016, the net proceeds from the Rights Issue in May 2018 and bank borrowings. As at 30 June 2018, the Group had net current assets of HK\$220.2 million (31 December 2017: HK\$10.5 million), cash and cash equivalents of HK\$188.1 million (31 December 2017: HK\$39.5 million) which were placed with major banks in Hong Kong and the PRC and bank borrowings of HK\$30 million (31 December 2017: HK\$55 million). As at 30 June 2018, the Group has unutilised banking facilities of HK\$30 million (31 December 2017: HK\$5 million).

The Group's net debt gearing ratio calculated based on net debt (calculated as total borrowings less cash and bank balances) divided by the shareholders' equity of the Group was not applicable as the Group had no net debt as at 30 June 2018 (31 December 2017: 12.6%).

### *Capital structure*

The shares of the Company have been listed on GEM since 11 July 2016 (the "Listing Date"). Apart from the Rights Issue in May 2018, there are no material change in the capital structure of the Company since the Listing Date. The capital of the Group comprises only ordinary shares.

### *Capital expenditures and commitments*

The Group incurred capital expenditures of HK\$6.0 million for the six months ended 30 June 2018 (2017: HK\$24.3 million) which was mainly related to the development and construction of lithium battery plant in the PRC and leasehold improvements of service centres and warehouse in Hong Kong.

Capital commitments contracted for but not incurred by the Group as at 30 June 2018 amounted to HK\$137.7 million (31 December 2017: HK\$6.2 million) which were mainly related to the purchase of various machinery for the new lithium battery plant in the PRC.

### *Pledge of assets*

No assets of the Group were pledged as security for bank borrowings as at 30 June 2018 and 31 December 2017.



## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### *Employees and remuneration policies*

As at 30 June 2018, the Group had 231 (31 December 2017: 234) full-time employees of whom 181 (31 December 2017: 184) were based in China and 50 (31 December 2017: 50) were based in Hong Kong. The Group maintains good relationships with all of its employees. It provides the employees with sufficient training in business and professional knowledge including information about the applications of the Group's products and skills in maintaining good customer relationships. Remuneration packages offered to the Group's employees are consistent with the prevailing market terms and are reviewed on a regular basis. Discretionary bonuses may be awarded to employees taking into consideration the Group's performance and that of the individual employee.

Pursuant to the applicable laws and regulations, the Group has participated in relevant defined contribution retirement schemes administrated by the responsible government authorities in the PRC for its employees in the PRC. For the Group's employees in Hong Kong, all the arrangements pursuant to the mandatory provident fund requirements prescribed by the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) have been duly implemented.

### *Share Option Scheme*

Pursuant to the share option scheme adopted by the Company in May 2017, no share options were granted during the six months ended 30 June 2018.

### *Dividend*

The Directors do not recommend the payment of dividend for the six months ended 30 June 2018.

### *Treasury policies and exposure to fluctuation in exchange rates*

The Group mainly operates in Hong Kong and China with most of the transactions denominated and settled in HK\$ and RMB. Exchange rate fluctuations between RMB and HK\$ could affect the Group's performance and asset value.

Amid the recent depreciation of RMB against HK\$, the Group reported HK\$3.3 million non-cash translation loss - a decrease in the reserve of its consolidated balance sheet - when converting RMB-denominated assets and liabilities into HK\$ at 30 June 2018.

The Group has not experienced any material difficulties and liquidity problems resulting from currency exchange fluctuations. The Group may use financial instruments for hedging purposes as and when required. During the six months ended 30 June 2018, the Group did not use any financial instrument for hedging purpose.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### *Comparison of business objectives with actual business progress*

**Business strategies up to 30 June 2018 as stated in the Prospectus**

**Implementation plan**

**Actual business progress up to 30 June 2018**

Expansion of service capacity	—	Expand the Group's Tokwawan service centre by renting one additional shop premises close to it.	The Group has rented one additional shop premises close to the existing Tokwawan service centre which is ready for use since August 2016.
	—	Relocate the Group's service centre in Quarry Bay to a larger size premises on the Hong Kong Island.	The Group has relocated its service centre on the Hong Kong Island from Quarry Bay to Chai Wan since September 2016.
	—	Hire additional technicians to increase the Group's service capacity.	The Group has hired two additional technicians.
	—	Expand the Group's motorcade service teams by acquiring new vehicles for providing door-to-door services.	The Group has acquired three new motor vehicles.
	—	Develop mobile apps and online facility to allow online reservations and payments for the Group's vehicle glass repairs and replacement services.	The Group has added additional contents and functions to the Company's website to allow customers to place ordering request online.
	—	Set up a new service centre by purchasing shop premises in East Kowloon to expand our network of service centres.	The Group has not found a satisfactory shop premises yet. Please refer to the section headed "Use of net proceeds from the Listing and change in use of proceeds" for details.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### Business strategies up to 30 June 2018 as stated in the Prospectus

### Implementation plan

### Actual business progress up to 30 June 2018

Improvement in customer service facilities and service quality

- Renovate the Group's Tokwawan and Tsuen Wan service centres.
- Provide on-the-job training to the Group's technicians covering topics including technical skills involved in installation of vehicle glass, customer service skills and workplace safety.

The Group has renovated its Tokwawan and Tsuen Wan service centres.

The Group has from time to time provided on-the-job training on topics including technical skills, customer service skills and work safety to our technicians.

Sales and marketing

- Distribute marketing materials to customers.
- Offer promotion activities and/or other special packages for the Group's services to its customers.
- Participate in major promotional events held by the relevant industry organisations.
- Enter into business contracts with insurance companies to broaden our customer base and increase our revenue.

The Group has from time to time distributed marketing materials to customers, offered promotion activities for the Group's services to customers and participated in major promotional events held by relevant industry organisations.

The Group has entered into seven business contracts with insurance companies for the provision of vehicle glass repairing services to the cars under their insurance coverage after the Listing Date.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

**Business strategies up to 30 June 2018 as stated in the Prospectus**

**Implementation plan**

**Actual business progress up to 30 June 2018**

- |   |  |
|---|--|
| <ul style="list-style-type: none"> <li>— Web/mobile application promotion to encourage customers to arrange for the services online and web/mobile application with hyperlinkage to selected insurance companies to streamline the claim process and enhance positive customer experience.</li> </ul> | <p>The Group has added a page in the company website to allow customers to place ordering request online and added hyperlinkage to selected insurance companies.</p> |
|---|--|

The Directors will constantly evaluate the Group's business objectives and will change or modify plans against the changing market condition to ascertain the business growth of the Group.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### *Use of net proceeds from the Listing and change in use of proceeds*

As part of the Listing, the Company issued 55,000,000 new shares at the offer price of HK\$0.7 per share. The net proceeds of the public offering received by the Company were HK\$31.8 million after deducting the related expenses.

As at 30 June 2018, approximately HK\$23.6 million allocated for expansion of service capacity has not been used by the Group, which was mainly due to the fact that the Group has not used an amount of HK\$22.4 million for the establishment of a new service centre in East Kowloon. As stated in the Prospectus, the Group plans to set-up a service centre in East Kowloon by acquiring shop premises. Following the Listing, the Group has been looking for suitable shop premises but the prices have been increasing to the extent that the Group does not consider it appropriate to invest such significant amount to real properties which are not held for investment purpose. The Directors also consider that the net proceeds can be better utilised to generate a more attractive return to the Shareholders. Following the expansion of the Tokwawan service centre after the Listing Date, the Directors revisited the capacity utilisation of the Group and do not consider that the Group would imminently require such a new service centre. As at 30 June 2018, the Group has HK\$30 million outstanding bank borrowings. Although the average interest rate of such borrowings is at the market level, the Board considers it more cost effective and reasonable to repay the bank borrowings using available financial resources and has therefore unanimously resolved to change the use of net proceeds from the Listing of approximately HK\$22.6 million originally allocated for expansion of service capacity to the repayment of bank borrowings.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The net proceeds from the Listing had been applied and revised as follows:

Proposed use of proceeds	Adjusted use of proceeds in the same manner and proportion as stated in the Prospectus (Note 1) HK\$ million	Proposed changed use of proceeds HK\$ million	Actual usage during the period from the Listing Date to 30 June 2018 HK\$ million	Unutilized proceeds as at 30 June 2018 HK\$ million
Expansion of service capacity	28.4	5.8	4.8	1.0
Improvement in customer service facilities and service capacity	1.3	1.3	1.2	0.1
Sales and marketing	1.4	1.4	0.8	0.6
Repayment of bank loans	—	22.6	—	22.6
General working capital	0.7	0.7	0.6	0.1
<b>Total</b>	<b>31.8</b>	<b>31.8</b>	<b>7.4</b>	<b>24.4</b>

*Notes:*

1. This sum represents an aggregate amount of the planned use of proceeds from the Listing Date to 30 June 2017 as stated in the Prospectus being adjusted based on the amount of actual net proceeds in the same manner and proportion as shown in the Prospectus.

The Directors will continue to look for suitable shop premises for expansion its service network so long as the property prices in Hong Kong are reasonable and the investment is commercially viable for the such expansion plan of the Group. As at the date of this report, apart from disclosed above, the Directors do not anticipate any other change to the plan as to the use of net proceeds.

The Board has considered the impact of the above changes in the use of net proceeds raised from the public offering and is of the view that the change in the use of net proceeds will enable the Group to meet its overall financial needs more efficiently resulting from the latest development of the Group's operation and business. The Board considers that such changes in the use of net proceeds will not adversely affect the timeframe on the future plans operation and business of the Group and is in the best interests of the Company and the shareholders of the Company as a whole.

The Board will prudently access the need for acquisition of properties in Hong Kong for either setting up a new service centre or for replacing the rented shop premises or warehouses.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### *Use of Proceeds of Rights Issue*

In May 2018, the Company raised net proceeds of approximately HK\$198.9 million by way of Rights Issue of 108,022,591 rights shares. The table below sets out the proposed applications of the net proceeds and actual utilisation up to 30 June 2018.

	Proposed applications of the net proceeds HK\$ million	Amount utilised up to 30 June 2018 HK\$ million	Unutilised balance as at 30 June 2018 HK\$ million
Set-up new production lines for lithium batteries business	135.4	—	135.4
Repay the outstanding capital expenditure of the existing lithium battery production facilities	24.7	5	19.7
General working capital	38.8	38.8	—
Total	198.9	43.8	155.1

The unutilised net proceeds from the Listing and the Rights Issue have been deposited into reputable banks in Hong Kong and Mainland China.

### *Significant investments held, material acquisitions and disposals of subsidiaries, and future plans for material investments or capital assets*

As at 30 June 2018, there were no significant investments held which exceed 5% of the total assets of the Group. There were no material acquisitions or disposals of subsidiaries and affiliated companies during the six months ended 30 June 2018. Save as those disclosed in the Prospectus or elsewhere in this report, there was no plan authorised by the Board for any material investments or additions of capital assets as at the date of this report.

### *Contingent liabilities*

As at 30 June 2018, the Group did not have any significant contingent liability (31 December 2017: Nil).

### *Event after the reporting period*

No significant events have taken place subsequent to 30 June 2018 and up to the date of this report except as disclosed in note 19 to the condensed consolidated financial information.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## CHANGES IN DIRECTORS' INFORMATION

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, the changes in directors' information are as follows:

On 31 March 2018, our independent non-executive director Mr. WANG Guisheng resigned to act as the executive director and the chief financial officer of Min Wah Holdings Limited (stock code: 01999).

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

As at 30 June 2018, 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 Position in the Share

Director	Capacity	Name of the controlled corporations	Number of issued ordinary shares held	Percentage of the issued share capital of the Company (%)
Mr. TUNG Ching Sai	Interest in a controlled corporation	Copark <sup>(1)</sup> (as defined below)	37,039,885	5.71
		Full Guang <sup>(3)</sup> (as defined below)	4,436,100	0.68
	Personal interest/ Spouse interest <sup>(1)</sup>		96,977,100	14.96
	Interest in persons acting in concert <sup>(2)</sup>		449,005,649	69.28



## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### 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 37,039,885 Shares. Mr. TUNG Ching Sai also has personal interest in 436,200 Shares held in his own name and 96,540,900 Shares held through his spouse, Madam 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 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 Mr. 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%.

### (ii) Share options of the Company

Director/Chief Executive	Capacity	Number of share options outstanding	Approximate percentage of the issued share capital of the Company (%)
Ms. LI Pik Yung	Personal interest	40,000	0.01
	Spouse interest <sup>(1)</sup>	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 <sup>(1)</sup>	40,000	0.01

Save as disclosed above, as at 30 June 2018, to the knowledge of the Company, none of the Directors and chief executive of the Company had or was deemed to have any interests or short positions in any shares, debentures or underlying shares of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors, to be notified to the Company and the Stock Exchange.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### 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 set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of 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 six months ended 30 June 2018.

### SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

So far as is known to the Directors, as at 30 June 2018, 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:

#### *Long positions in the Ordinary shares of the Company*

Name of our Controlling Shareholders	Nature of interest and capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company (%)
Mr. LEE Yin Yee, B.B.S.	Interest in controlled corporation <sup>(3)</sup>	108,781,432	16.78
	Interest in controlled corporation <sup>(1)</sup>	4,436,100	0.68
	Personal interest <sup>(3)</sup>	34,141,500	5.27
	Interest in persons acting in concert <sup>(2)</sup>	449,005,649	69.28
Mr. TUNG Ching Bor	Interest in a controlled corporation <sup>(4)</sup>	40,014,968	6.17
	Interest in controlled corporation <sup>(1)</sup>	4,436,100	0.68
	Personal interest <sup>(4)</sup>	8,863,200	1.37
	Interest in persons acting in concert <sup>(2)</sup>	449,005,649	69.28

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Name of our Controlling Shareholders	Nature of interest and capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company (%)
Mr. LEE Sing Din	Interest in a controlled corporation <sup>(5)</sup>	37,739,263	5.82
	Interest in controlled corporation <sup>(1)</sup>	4,436,100	0.68
	Personal interest	3,115,500	0.48
	Interest in persons acting in concert <sup>(2)</sup>	449,005,649	69.28
Mr. LI Ching Wai	Interest in a controlled corporation <sup>(6)</sup>	17,487,129	2.70
	Interest in controlled corporation <sup>(1)</sup>	4,436,100	0.68
	Interest in persons acting in concert <sup>(2)</sup>	449,005,649	69.28
Mr. LI Man Yin	Interest in a controlled corporation <sup>(7)</sup>	11,856,285	1.83
	Interest in controlled corporation <sup>(1)</sup>	4,436,100	0.68
	Personal interest <sup>(7)</sup>	1,551,000	0.24
	Interest in persons acting in concert <sup>(2)</sup>	449,005,649	69.28
Mr. SZE Nang Sze	Interest in a controlled corporation <sup>(8)</sup>	17,140,616	2.64
	Interest in controlled corporation <sup>(1)</sup>	4,436,100	0.68
	Personal interest	1,002,000	0.15
	Interest in persons acting in concert <sup>(2)</sup>	449,005,649	69.28
Mr. NG Ngan Ho	Interest in a controlled corporation <sup>(9)</sup>	11,798,086	1.82
	Interest in controlled corporation <sup>(1)</sup>	4,436,100	0.68
	Personal interest	1,110,000	0.17
	Interest in persons acting in concert <sup>(2)</sup>	449,005,649	69.28
Mr. LI Ching Leung	Interest in a controlled corporation <sup>(10)</sup>	11,678,085	1.80
	Interest in controlled corporation <sup>(1)</sup>	4,436,100	0.68
	Personal interest <sup>(10)</sup>	4,273,500	0.66
	Interest in persons acting in concert <sup>(2)</sup>	449,005,649	69.28

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### Notes:

- (1) The interests in our Shares are held through Full Guang, a company incorporated in the BVI with limited liability on 19 December 2005. Full Guang is owned by Mr. 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 dated 25 June 2016 and entered amongst our controlling shareholders (as defined in the GEM Listing Rules), 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) Mr. LEE Yin Yee, B.B.S.'s interests in 108,781,432 Shares are held through Realbest Investment Limited, a company incorporated in the BVI with limited liability and wholly-owned by Mr. LEE Yin Yee, B.B.S.. Mr. LEE Yin Yee, B.B.S.'s interests in 34,141,500 Shares are held through a joint account with his spouse, Madam TUNG Hai Chi.
- (4) Mr. TUNG Ching Bor's interests in 40,014,968 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 8,863,200 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 11,856,285 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 1,551,000 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 11,678,085 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 4,213,500 Shares held in his own name and 60,000 Shares held through his spouse, Madam DY Maria Lumin.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Save as disclosed above, as at 30 June 2018, 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.

### PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2018, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

### COMPETING INTERESTS

As far as the Directors are aware of, during the six months ended 30 June 2018, none of the Directors and their respective associates (as defined in the GEM Listing Rules) or the controlling shareholders (as defined in the GEM Listing Rules) have any interests in a business which competed or may compete (directly or indirectly) 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 June 2018.

### 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 our Company and our shareholders. The Company's corporate governance practices are based on the principles of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 15 to the GEM Listing Rules. During the six months ended 30 June 2018, the Company had complied with the applicable code provisions set out 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 our audit committee.

The unaudited condensed consolidated financial information of the Company for the six months ended 30 June 2018 has been reviewed by the audit committee.

By Order of the Board

**Xinyi Automobile Glass Hong Kong Enterprises Limited**  
**信義汽車玻璃香港企業有限公司**

**TUNG Ching Sai**  
*Chairman*

Hong Kong, 27 July 2018

*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 Mr. 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.*

*The report will remain on the "Latest Company Announcements" page of the GEM website at [www.hkgem.hk](http://www.hkgem.hk) for at least 7 days from the date of its posting and be posted on the website of the Company at [www.xyglass.com.hk](http://www.xyglass.com.hk).*