

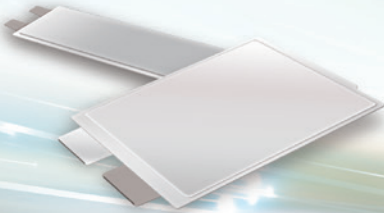


信義香港
XINYI
HONG KONG

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
THIRD QUARTERLY REPORT



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

GEM has been positioned as a market designed to accommodate small and mid-sized 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.

Given that the 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.

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

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.

The Board is pleased to present the unaudited consolidated results of the Group for the nine months ended 30 September 2018 together with the comparative unaudited figures for the nine months ended 30 September 2017 as follows.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2018

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Revenue	3	49,862	29,000	127,312	52,155
Cost of revenue		(39,263)	(23,237)	(91,199)	(41,738)
Gross profit		10,599	5,763	36,113	10,417
Other income		2,994	2,193	6,463	4,777
Other gains/(losses), net		27,815	11	27,790	(41)
Selling and marketing costs		(1,987)	(1,310)	(5,788)	(3,185)
Administrative expenses		(7,958)	(2,350)	(21,183)	(6,873)
Operating profit		31,463	4,307	43,395	5,095
Finance income		713	51	986	85
Finance costs		(75)	(213)	(531)	(213)
Profit before income tax		32,101	4,145	43,850	4,967
Income tax expense	4	(3,647)	(904)	(6,621)	(1,428)
Profit for the period		28,454	3,241	37,229	3,539
Other comprehensive income:					
<i>Item that may be subsequently reclassified to profit or loss:</i>					
Currency translation differences		(7,993)	2,015	(11,275)	4,185
Total comprehensive income attributable to owners of the Company		20,461	5,256	25,954	7,724
Basic and diluted earnings per share (HK cents per share)	6	4.39	0.60	6.26	0.66

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 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 HK\$'000
Balance at 1 January 2018 (Audited)	5,401	36,175	13,587	2,951	5,529	4,178	615	54,970	123,406
Comprehensive income									
Profit for the period	—	—	—	—	—	—	—	37,229	37,229
Other comprehensive income	—	—	—	—	(11,275)	—	—	—	(11,275)
Total comprehensive income	—	—	—	—	(11,275)	—	—	37,229	25,954
Transactions with owners									
Issuance of share, net of transaction costs	1,080	197,812	—	—	—	—	—	—	198,892
Employee's share option scheme: – Value of employee services	—	—	—	72	—	—	—	—	72
Balance at 30 September 2018 (Unaudited)	6,481	233,987	13,587	3,023	(5,746)	4,178	615	92,199	348,324
Balance at 1 January 2017 (Audited)	5,401	36,175	13,587	2,922	(1,946)	—	—	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	13,587	2,947	2,239	—	—	49,736	110,085

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, 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 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 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 nine months ended 30 September 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 unaudited 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 FINANCIAL INFORMATION (CONTINUED)

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	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Sales of automobile glass with installation and repairing services	15,873	15,136	42,364	38,291
Sales of energy storage products and battery pack system business				
– Battery energy storage system	5,270	—	38,729	—
– Battery pack system	9,688	7,869	21,137	7,869
– Lithium battery	11,793	—	13,828	—
	26,751	7,869	73,694	7,869
Sales of forklifts	6,952	5,815	9,914	5,815
Wind farm management service	286	180	1,340	180
	49,862	29,000	127,312	52,155

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

4. INCOME TAX EXPENSE

	Three months ended 30 September		Nine months ended 30 September	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Current income tax				
– Hong Kong profits tax (Note(a))	680	569	1,608	1,093
– PRC corporate income tax ("CIT") (Note (b))	2,967	335	5,013	335
	3,647	904	6,621	1,428

Notes:

- (a) Hong Kong profits tax has been provided at the rate of 16.5% (2017: 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 2018 (2017: 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 2018 and 2017.

	Three months ended 30 September		Nine months ended 30 September	
	2018 (Unaudited)	2017 (Unaudited)	2018 (Unaudited)	2017 (Unaudited)
Profit attributable to owners of the Company (HK\$'000)	28,454	3,241	37,229	3,539
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share ('000)	648,136	540,113	595,113	540,113

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

BUSINESS REVIEW AND PROSPECTS

Vehicle Glass Repairs and Replacement Business

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

Driven by the strategy to enhance the business relationship with insurance companies, the Group has entered into one additional cooperation agreement with an insurance company in Hong Kong during the nine months ended 30 September 2018 for the provision of vehicle glass repairing service to the cars under its 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 business in Hong Kong.

New Energy — Energy Storage Products, Battery Pack System Business, and Sales of Electric Forklifts

The Group has a production plant for lithium battery products in a leased property located in the Wuhu City, Anhui Province, China, which commenced commercial sale of lithium battery packs in the third quarter of 2017. Products of the Group are installed mainly in integrated systems comprising lithium batteries, battery management systems, and/or other components such as energy management systems and power conditioning systems.

The Group is also engaged 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 since January 2018.

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 from them forklifts powered by the Group's lithium battery packs/lithium batteries. This arrangement brings synergies in boosting the sales of both lithium battery packs/lithium batteries as well as forklift, contributing an additional source of revenue for the Group.

The Group is preparing to set-up a production plant for lithium battery products in Zhangjiagang, Jiangsu Province, China. Following the commercial production, which is expected to be at the end of 2019, the total annual production capacity for lithium battery energy storage products and battery pack system of the Group is expected to increase from 300 million watt-hours to 1.3 billion watt-hours.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

New Energy — Wind Power Business

Since the third quarter of 2017, the Group has provided wind farm management services to Xinyi Wind Power (Jinzhai) Company Limited, which is an associate company of the Company. This business provides a stable source of revenue to the Group.

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 nine months ended 30 September 2018, the Group’s revenue was HK\$127.3 million (2017: HK\$52.2 million), representing an increase by 144.1% mainly attributable to the increase in revenue contributed by business activities of sales of new energy products, electric forklifts and provision of wind farm management services. These business activities have started to contribute revenue to the Group since the third quarter of 2017. The increase in demand for sale of automobile glass with installation and repairing services also increased the revenue of the Group. The following sets forth an analysis of the revenue of the Group:

	Nine months ended 30 September				Increase	
	2018		2017			
	HK\$'million	%	HK\$'million	%	HK\$'million	%
Sale of automobile glass with installation and repairing services	42.4	33.3	38.3	73.4	4.1	10.6
Energy storage products and battery pack system business	73.7	57.9	7.9	15.1	65.8	836.5
Trading of forklift	9.9	7.8	5.8	11.1	4.1	70.5
Wind farm related business	1.3	1.0	0.2	0.4	1.1	644.4
Total revenue	127.3	100	52.2	100	75.1	144.1

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Cost of Revenue

Cost of revenue comprised of HK\$27.2 million (2017: HK\$25.8 million) arising from the vehicle glass repairs and replacement business, HK\$55.3 million (2017: HK\$11.5 million) arising from the energy storage products and battery pack system business, HK\$7.7 million (2017: HK\$4.3 million) arising from trading of forklifts, and HK\$1.0 million (2017: HK\$0.1 million) arising from the wind farm related business.

Cost of revenue of vehicle glass repairs and replacement business increased by approximately 5.4% from HK\$25.8 million for the nine months ended 30 September 2017 to approximately HK\$27.2 million for the nine months ended 30 September 2018. The gross profit increased by 21.6% from approximately HK\$12.5 million for the nine months ended 30 September 2017 to approximately HK\$15.2 million for the nine months ended 30 September 2018. The increase in cost of revenue of 5.4% was lower than the percentage increase in revenue because of the rental and the other overhead expenses (including labour costs) were generally stable.

Cost of revenue for the energy storage products and battery pack system business of HK\$55.3 million (2017: HK\$11.5 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.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Other income and gains

Other income and gains includes mainly the government grant and the gains from disposal of certain scrap or recyclable materials arising from the operation of our existing lithium battery production plant as well as from the site preparation of the lithium battery production plant under construction.

Expenses

Selling and marketing costs for the period increased by approximately HK\$2.6 million which was mainly due to increase in employee benefit expenses and advertisement costs for the relevant activities.

Administrative expenses increased by approximately HK\$14.3 million from HK\$6.9million for the nine months ended 30 September 2017 to approximately HK\$21.2 million for the nine months ended 30 September 2018, primarily due to the increase in research and development costs for lithium battery, battery pack systems and energy storage products of HK\$8.4 million and increase in emoluments of HK\$2.6 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 nine months ended 30 September 2018 amounted to HK\$37.2 million (2017: HK\$3.5 million). The increase in the profitability 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 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 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 (%)
Mr. TUNG Ching Sai	Interest in a controlled corporation ⁽¹⁾	Copark ⁽¹⁾ (as defined below)	37,039,885	5.71
		Full Guang ⁽³⁾ (as defined below)	4,436,100	0.68
	Personal interest/ Spouse interest ⁽¹⁾		96,977,100	14.96
	Interest in persons acting in concert ⁽²⁾		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 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 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 ⁽²⁾	Percentage of the issued share capital of the Company (%)
Ms. LI Pik Yung	Personal interest	85,088	0.01
	Spouse interest ⁽¹⁾	85,088	0.01
Mr. CHAN Chi Leung	Personal interest	85,088	0.01
Mr. SHI Chit Yuk	Personal interest	85,088	0.01
	Spouse interest ⁽¹⁾	85,088	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.
- (2) Adjusted in May 2018 upon the completion date of the rights issue of the Company. The adjustments were made in accordance with the terms of the share option scheme of the Company, the requirement as set forth in Chapter 23 of the GEM Listing Rules and the “Supplemental Guidance on GEM Listing Rule 23.03(13) and the Note immediately after the Rule”.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Save as disclosed above, as at 30 September 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.

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 2018.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

So far as is known to the Directors, as of 30 September 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:

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 (%)
Mr. LEE Yin Yee, B.B.S.	Interest in controlled corporation ⁽³⁾	108,781,432	16.78
	Interest in controlled corporation ⁽¹⁾	4,436,100	0.68
	Personal interest ⁽³⁾	34,141,500	5.27
	Interest in persons acting in concert ⁽²⁾	449,005,649	69.28
Mr. TUNG Ching Bor	Interest in a controlled corporation ⁽⁴⁾	40,014,968	6.17
	Interest in controlled corporation ⁽¹⁾	4,436,100	0.68
	Personal interest ⁽⁴⁾	8,863,200	1.37
	Interest in persons acting in concert ⁽²⁾	449,005,649	69.28
Mr. LEE Sing Din	Interest in a controlled corporation ⁽⁵⁾	37,739,263	5.82
	Interest in controlled corporation ⁽¹⁾	4,436,100	0.68
	Personal interest	3,115,500	0.48
	Interest in persons acting in concert ⁽²⁾	449,005,649	69.28
Mr. LI Ching Wai	Interest in a controlled corporation ⁽⁶⁾	17,487,129	2.70
	Interest in controlled corporation ⁽¹⁾	4,436,100	0.68
	Interest in persons acting in concert ⁽²⁾	449,005,649	69.28
Mr. LI Man Yin	Interest in a controlled corporation ⁽⁷⁾	11,856,285	1.83
	Interest in controlled corporation ⁽¹⁾	4,436,100	0.68
	Personal interest ⁽⁷⁾	1,551,000	0.24
	Interest in persons acting in concert ⁽²⁾	449,005,649	69.28
Mr. SZE Nang Sze	Interest in a controlled corporation ⁽⁸⁾	17,140,616	2.64
	Interest in controlled corporation ⁽¹⁾	4,436,100	0.68
	Personal interest	1,002,000	0.15
	Interest in persons acting in concert ⁽²⁾	449,005,649	69.28

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Name of the Shareholders	Nature of interest and capacity	Number of issued shares held	Percentage of the issued share capital of the Company (%)
Mr. NG Ngan Ho	Interest in a controlled corporation ⁽⁹⁾	11,798,086	1.82
	Interest in controlled corporation ⁽¹⁾	4,436,100	0.68
	Personal interest	1,110,000	0.17
	Interest in persons acting in concert ⁽²⁾	449,005,649	69.28
Mr. LI Ching Leung	Interest in a controlled corporation ⁽¹⁰⁾	11,678,085	1.80
	Interest in controlled corporation ⁽¹⁾	4,436,100	0.68
	Personal interest ⁽¹⁰⁾	4,273,500	0.66
	Interest in persons acting in concert ⁽²⁾	449,005,649	69.28

Notes:

- (1) The interests in the Shares are held through Full Guang. 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 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) 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.. Datuk 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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

- (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.

Save as disclosed above, as at 30 September 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.

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. 684,000 share options were granted under the Scheme during the nine months ended 30 September 2018.

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

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

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

COMPETING BUSINESS

As far as the Directors are aware, during the nine months ended 30 September 2018, 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 nor any of its close associates, directors or employees who have been involved in providing advice to the Company had any interest in securities of the Company or any other companies in the Group (including options or rights to subscribe for such securities, if any) which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules as of 30 September 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 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 2018, 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 2018 has been reviewed by the audit committee.

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

Hong Kong, 14 November 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.