



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

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



**2017**  
INTERIM REPORT

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

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

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

*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.*

## CONTENTS

Corporate Information	3
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	5
Condensed Consolidated Balance Sheet	6
Condensed Consolidated Statement of Changes in Equity	8
Condensed Consolidated Statement of Cash Flows	9
Notes to the Condensed Consolidated Interim Financial Information	10
Management Discussion and Analysis	26

## CORPORATE INFORMATION

### EXECUTIVE DIRECTORS

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

### NON-EXECUTIVE DIRECTORS

Datuk 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

Unit 2116-2117, 21st Floor  
Rykadan 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 Accountants  
22nd Floor, Prince's Building  
Central, Hong Kong

### PRINCIPAL BANKERS

Bank of China (Hong Kong)  
Fubon Bank (Hong Kong)  
Hang Seng Bank  
HSBC

### 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 1712-16, 17th Floor  
Hopewell Centre  
183 Queen's Road East  
Wanchai, Hong Kong

### WEBSITE

<http://www.xyglass.com.hk>

### SHARE INFORMATION

Place of listing: GEM Board of The Stock  
Exchange of Hong Kong Limited  
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\$1.56  
Market capitalisation as of the date of  
this interim report:  
Approximately HK\$843 million

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

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

For the six months ended 30 June 2017

	Note	Three months ended 30 June		Six months ended 30 June	
		2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Revenue	3	12,327	13,128	23,155	25,204
Cost of revenue	6	(9,459)	(8,422)	(18,501)	(16,407)
<b>Gross profit</b>		<b>2,868</b>	<b>4,706</b>	<b>4,654</b>	<b>8,797</b>
Other income	4	1,464	107	2,679	108
Selling and marketing costs	6	(1,082)	(928)	(1,875)	(2,071)
Administrative expenses	6	(2,627)	(1,756)	(4,670)	(6,094)
<b>Operating profit</b>		<b>623</b>	<b>2,129</b>	<b>788</b>	<b>740</b>
Finance income	5	20	1	34	2
<b>Profit before income tax</b>		<b>643</b>	<b>2,130</b>	<b>822</b>	<b>742</b>
Income tax expense	7	(469)	(539)	(524)	(845)
<b>Profit/(Loss) for the period</b>		<b>174</b>	<b>1,591</b>	<b>298</b>	<b>(103)</b>
<b>Other comprehensive income:</b> <i>Item that may be subsequently reclassified to profit or loss:</i>					
Currency translation differences		1,581	—	2,170	—
<b>Total comprehensive income/(loss) attributable to owners of the Company</b>		<b>1,755</b>	<b>1,591</b>	<b>2,468</b>	<b>(103)</b>
<b>Basic and diluted earnings/(loss) per share (HK cents per share)</b>	8	<b>0.03</b>	<b>0.33</b>	<b>0.06</b>	<b>(0.02)</b>

## CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2017

	Note	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Plant and equipment	10	87,895	68,479
Leasehold land	10	8,731	8,881
Prepayments for plant and equipment	11	4,851	1,880
Available-for-sale financial assets	12	2,730	—
		104,207	79,240
<b>Current assets</b>			
Inventories		18,797	9,869
Trade and other receivables	11	22,157	11,557
Income tax recoverable		341	—
Cash and cash equivalents		42,266	42,688
		83,561	64,114
<b>Total assets</b>		<b>187,768</b>	<b>143,354</b>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	13	5,401	5,401
Reserves		99,403	96,935
<b>Total equity</b>		<b>104,804</b>	<b>102,336</b>

	Note	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities		172	172
<b>Current liabilities</b>			
Bank borrowings	14	45,000	—
Trade and other payables	15	37,792	39,318
Current income tax liabilities		—	1,528
		82,792	40,846
<b>Total liabilities</b>		82,964	41,018
<b>Total equity and liabilities</b>		187,768	143,354

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017

	Share capital HK\$'000	Share premium HK\$'000	Exchange reserve HK\$'000	Capital reserve HK\$'000	Share option reserve HK\$'000	Retained earnings HK\$'000	Total equity HK\$'000
<b>Balance at 1 January 2017</b> (Audited)	5,401	36,175	(1,946)	13,587	2,922	46,197	102,336
<b>Comprehensive income</b>							
Profit for the period	—	—	—	—	—	298	298
Other comprehensive income	—	—	2,170	—	—	—	2,170
<b>Total comprehensive income</b>	—	—	2,170	—	—	298	2,468
<b>Balance at 30 June 2017</b> (Unaudited)	5,401	36,175	224	13,587	2,922	46,495	104,804
<b>Balance at 1 January 2016</b> (Audited)	—	—	—	9,100	2,720	50,985	62,805
<b>Comprehensive income</b>							
Loss for the period	—	—	—	—	—	(103)	(103)
<b>Transactions with owners:</b>							
Employee's share option scheme:							
– Value of employee services	—	—	—	—	192	—	192
Listing expenses borne by Xinyi Glass Group (Note 6)	—	—	—	3,000	—	—	3,000
Capitalisation issue of shares (Note 13)	4,851	—	—	—	—	(4,851)	—
<b>Balance at 30 June 2016</b> (Unaudited)	4,851	—	—	12,100	2,912	46,031	65,894

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2017

	Six months ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Net cash (used in)/generated from operating activities	(11,933)	2,886
Net cash (used in)/generated from investing activities	(33,549)	25,387
Net cash generated from/(used in) financing activities	44,962	(10,668)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(520)</b>	<b>17,605</b>
Cash and cash equivalents at 1 January	42,688	25,252
Effect of foreign exchange rate change	98	—
<b>Cash and cash equivalents at 30 June</b>	<b>42,266</b>	<b>42,857</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 and the Group is principally engaged in the provision of installation of automobile glass products in Hong Kong. Since the third quarter of 2016, the Group has started setting up a plant for production of lithium battery products 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 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 2017**

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

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

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

### 2. BASIS OF PRESENTATION AND PREPARATION – CONTINUED

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

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

### 3. SEGMENT INFORMATION

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 two operating segments, which represent the Group’s reportable segments, respectively, including (1) sales of automobile glass with installation and repair services; and (2) sales of lithium battery products.

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

### 3. SEGMENT INFORMATION - CONTINUED

The executive directors assess the performance of the operating segments based on a measure of profit before income tax.

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

	Six months ended 30 June 2017 (Unaudited)			
	Sales of automobile glass with installation and repair services HK\$'000	Sales of lithium battery products HK\$'000	Corporate and unallocated expenses 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
Other income	184	2,495	—	2,679
Selling and marketing costs	(1,480)	(395)	—	(1,875)
Administrative expenses	(1,965)	(1,251)	(1,454)	(4,670)
Operating profit/(loss)	3,899	(1,657)	(1,454)	788
Finance income	6	28	—	34
Profit/(loss) before income tax	3,905	(1,629)	(1,454)	822
Additions to non-current assets	255	21,274	2,730	24,259

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

### 3. SEGMENT INFORMATION - CONTINUED

	Six months ended 30 June 2016 (Unaudited)			
	Sales of automobile glass with installation and repair services HK\$'000	Sales of lithium battery products HK\$'000	Corporate and unallocated expenses HK\$'000	Total HK\$'000
Revenue	25,204	—	—	25,204
Cost of revenue	(16,407)	—	—	(16,407)
Gross profit	8,797	—	—	8,797
Other income	108	—	—	108
Selling and marketing costs	(2,071)	—	—	(2,071)
Administrative expenses	(1,541)	—	(4,553)	(6,094)
Operating profit/(loss)	5,293	—	(4,553)	740
Finance income	2	—	—	2
Profit/(loss) before income tax	5,295	—	(4,553)	742
Additions to non-current assets	811	—	—	811

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

### 3. SEGMENT INFORMATION - CONTINUED

The revenue from external parties reported to the management is measured in a manner consistent with that in the consolidated statement of profit or loss and other comprehensive income.

	Three months ended 30 June		Six months ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Sales of automobile glass with installation and repair services	12,327	13,128	23,155	25,204

The Group's revenue is derived from customers of sales of automobile glass with installation and repair services located in Hong Kong.

During the six months ended 30 June 2017, there was no revenue from sales of lithium battery products (2016: nil).

During the six months ended 30 June 2017, none of the Group's customers accounted for more than 10% of the total revenue of the Group (2016: None).

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

### 3. SEGMENT INFORMATION - CONTINUED

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

	Assets and liabilities			Total HK\$'000
	Automobile glass HK\$'000	Lithium battery products HK\$'000	Unallocated HK\$'000	
<b>At 30 June 2017 (Unaudited)</b>				
Total assets	61,072	123,494	3,202	187,768
Total liabilities	3,085	34,316	45,563	82,964
<b>At 31 December 2016 (Audited)</b>				
Total assets	54,148	84,808	4,398	143,354
Total liabilities	8,329	29,350	3,339	41,018

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

### 3. SEGMENT INFORMATION - CONTINUED

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

	Assets as at		Liabilities as at	
	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
Segment assets/(liabilities)	184,566	138,956	(37,401)	(37,679)
Unallocated:				
Available-for-sale financial assets	2,730	—	—	—
Prepayments, deposits and other receivables	95	98	—	—
Cash and bank balances	377	4,300	—	—
Bank borrowings	—	—	(45,000)	—
Other payables	—	—	(563)	(3,339)
Total assets/(liabilities)	187,768	143,354	(82,964)	(41,018)

#### Non-current assets

	As at	
	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
Hong Kong	13,396	13,931
Mainland China	90,811	65,309
	104,207	79,240

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

### 4. OTHER INCOME

	Three months ended 30 June		Six months ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Government grant	1,377	—	2,566	—
Net disposal gain from plants and equipment	80	79	95	79
Others	7	28	18	29
	1,464	107	2,679	108

### 5. FINANCE INCOME AND FINANCE COSTS

	Three months ended 30 June		Six months ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Finance income				
Interest income on bank deposits	20	1	34	2
Finance costs				
Interest on bank borrowings	(38)	—	(38)	—
Less: Interest expense capitalised on qualifying assets	38	—	38	—
	—	—	—	—

## 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	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Audited)
Depreciation expenses	683	422
Amortisation expenses	150	150
Employee benefit expenses (including directors' emoluments)	10,357	9,634
Cost of inventories sold	5,609	6,242
Write-off of inventories	103	89
Operating lease payments in respect of rented premises	4,972	2,131
Listing expenses <sup>#</sup>	—	4,500
Other expenses	3,172	1,404
	<b>25,046</b>	<b>24,572</b>

<sup>#</sup> Listing expenses are recognised in the consolidated statements of profit or loss and other comprehensive income as and when they are incurred. On 7 December 2015, it was agreed with Xinyi Glass Holdings Limited ("Xinyi Glass") that two third and one third of such expenses were borne by Xinyi Glass and its subsidiaries ("Xinyi Glass Group") and the Company, respectively. Upon payment of these expenses by Xinyi Glass Group, a capital contribution from Xinyi Glass Group were recorded in the Company's equity.

### 7. INCOME TAX EXPENSE

	Three months ended 30 June		Six months ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Current income tax				
– Hong Kong profits tax	469	539	524	845

Hong Kong profits tax has been provided for at the rate of 16.5% (2016: 16.5%) on the estimated assessable profits arising in or derived from Hong Kong for the six months ended 30 June 2017.

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

### 8. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to owners of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 June 2017 and 2016.

	Three months ended 30 June		Six months ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Profit/(Loss) attributable to owners of the Company (HK\$'000)	174	1,591	298	(103)
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share ('000)	540,113	485,113	540,113	485,113
Basic and diluted earnings/(loss) (HK cents per share)	0.03	0.33	0.06	(0.02)

The weighted average number of ordinary shares in issue used in the basic earnings per share calculation is determined on the assumption that the Reorganisation and Capitalisation Issue as described in Appendix IV to the Company's prospectus dated 28 June 2016 (the "Prospectus") as well as the additional capitalisation issue on 8 July 2016 as described in note 13 had been effective on 1 January 2016.

No adjustment has been made to the basic earnings per share amount for the six months ended 30 June 2017 and 2016 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 2017 (2016: 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 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
<b>Six months ended 30 June 2016 (Unaudited)</b>		
Opening net book amount at 1 January 2016	3,502	9,181
Additions	810	—
Depreciation/Amortisation	(422)	(150)
Closing net book amount at 30 June 2016	3,890	9,031

### 11. TRADE AND OTHER RECEIVABLES

	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
Trade receivables (Note)	3,958	4,185
Prepayments	9,850	3,359
Value added tax recoverable	10,786	4,858
Deposits and other receivables	2,414	1,035
	27,008	13,437
Less: non-current portion	(4,851)	(1,880)
Current portion	22,157	11,557

## 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 60 days. At 30 June 2017 and 31 December 2016, the ageing analysis of the Group's trade receivables based on invoice date was as follows:

	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
0 - 60 days	2,829	2,592
61 - 180 days	969	1,411
181 - 365 days	160	182
	<b>3,958</b>	<b>4,185</b>

### 12. AVAILABLE-FOR-SALE FINANCIAL ASSETS

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. Approximately HK\$0.2 million professional fee was incurred for the transaction which was recorded as part of the investment cost.

For further details of the capital contribution which constituted a connected and disclosable transaction, please refer to the announcement dated 20 January 2017.

As at 30 June 2017, Xinyi Wind is still in the process of construction of a wind farm for power generation. Since the unlisted equity does not have a quoted market price in an active market and the range of reasonable fair value estimates is significant, the investment was stated at cost less impairment (if any) at the end of current reporting period.

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

### 13. SHARE CAPITAL

On 25 June 2016 and 8 July 2016, the Company allotted and issued 485,111,513.38 Shares and 750 Shares respectively at HK\$0.01 each to Xinyi Glass (BVI) Limited by way of capitalisation issue under the Xinyi Glass Distribution (as defined in the Prospectus).

In connection with the Listing, 55,000,000 shares of HK\$0.01 each of the Company were issued at the offer price of HK\$0.7 to public investors.

The number of the Company's shares authorised and issued as of 30 June 2017 and 31 December 2016 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>		
At 1 January 2016 (Audited)	699.00	—
Capitalisation issue of shares	485,112,263.38	4,851
Issuance of ordinary shares upon initial public offering	55,000,000.00	550
At 31 December 2016, 1 January 2017 and 30 June 2017 (Unaudited)	540,112,962.38	5,401

### 14. BANK BORROWINGS

The bank borrowings are unsecured and repayable as follows:

	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
Within 1 year	45,000	—

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

### 14. BANK BORROWINGS - CONTINUED

As at 30 June 2017, 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 2017. The effective interest rates per annum at reporting date were as follows:

	30 June 2017	31 December 2016
Bank borrowings	2.21%	N/A

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

### 15. TRADE AND OTHER PAYABLES

	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
Trade payables (Note)		
– Third parties	6,115	152
– Related companies	578	196
	6,693	348
Accrued salaries and bonus	3,536	5,733
Accrued listing expenses	—	2,879
Other payables for plant and equipment	25,483	29,344
Other creditors and accruals	2,080	1,014
	37,792	39,318

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

### 15. TRADE AND OTHER PAYABLES – CONTINUED

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 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
0 - 90 days	5,547	348
91 - 180 days	1,146	—
	6,693	348

### 16. RELATED PARTY TRANSACTIONS

During the six months ended 30 June 2017 and 2016, save as disclosed elsewhere in the report, the Group carried out the following significant transactions with its related parties:

	Six months ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Audited)
Purchases of goods for Automobile Glass		
Installation Business from Xinyi Glass Group	1,918	1,711
Share option expenses recharged by Xinyi Glass	123	—
Operating lease payments in respect of office premises		
paid to Cheer Wise Investments Limited	60	—
Operating lease rental to Mr. LEE Shing Kan		
and Mr. TUNG Fong Ngai	228	228

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

Key management compensation amounted to HK\$3,893,000 for the six months ended 30 June 2017 (2016: HK\$3,871,000).

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

### 17. CAPITAL COMMITMENT

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

	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
Commitment for acquisition of property, plant and equipment	8,470	14,960

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW AND PROSPECTS

#### 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 two additional cooperation agreements with insurance companies in Hong Kong during the six months ended 30 June 2017 for the provision of vehicle glass repairing service to the cars under their insurance coverage.

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

#### NEW ENERGY — LITHIUM BATTERY AND RELATED BUSINESS

As one of the strategies of the Group set forth in the Prospectus, the Group has started setting up a production plant for the production of lithium battery products in the PRC since the third quarter of 2016. The production plant has commenced the commercial production close to end of second quarter of 2017. During the six months ended 30 June 2017, no revenue was generated from these business activities.

The delivery for sale to customers for power battery and energy storage applications is expected to commence in the third quarter of 2017. Two of the Group's customers for power battery are engaged in the production of forklift. It is agreed with the customers we will also engage in the trading of forklift powered with our lithium battery. Such arrangement is believed to bring the synergistic effect in boosting the sale of lithium battery as well as the forklift of our customers, and contribute to a new source of revenue to the Group.

On 21 March 2017, the Group has established 信義儲能微電網研究院(東莞)有限公司 (“信義儲能”) with initial registered capital of RMB10 million for the purpose of engage in the development and sale of energy storage facilities with lithium batteries, like large-scale power banks for manufacturing facilities to facilitate load shifting and power stabilisation and power banks for households. 信義儲能 is currently in the process of team establishment and as of the date of this report has a team of five people with relevant expertise. Energy storage products are expected to be launched in the first half of 2018.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Pursuant to the agreement dated 20 January 2017 entered into between Xinyi Power Source (a subsidiary of the Company) as the subscriber, and Xinyi Energy Smart (Wuhu) Company Limited (a subsidiary of Xinyi Glass) as the existing investor of Xinyi Wind, 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 the Xinyi Wind to subscribe for approximately 18% equity interest in the Xinyi Wind on 27 April 2017. Xinyi Wind has a wind farm in Anhui Province currently under construction.

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

The revenue of the Group for the six months ended 30 June 2017 was approximately HK\$23.2 million, representing a mild decrease of approximately 8.1% as compared with that of approximately HK\$25.2 million for the six months ended 30 June 2016 as a result of the market being relatively weak in first few months of the year. Nonetheless, the Group's revenue has been gaining the growth momentum again since June 2017. We have entered into two additional non-exclusive agreements with insurance companies for the provision of vehicle glass repairing service to the cars under their insurance coverage during the six months ended 30 June 2017.

#### COST OF REVENUE AND GROSS PROFIT

Cost of revenue for the six months ended 30 June 2017 comprised of HK\$16.0 million (2016: HK\$16.4 million) arising from the Vehicle Glass Repair and Replacement Business and HK\$2.5 million (2016: Nil) arising from the Lithium Battery Business.

Cost of revenue of Vehicle Glass Repair and Replacement Business decreased slightly by approximately 2.5% from HK\$16.4 million for the six months ended 30 June 2016 to approximately HK\$16.0 million for the six months ended 30 June 2017. The gross profit decreased by 18.6% from approximately HK\$8.8 million for the six months ended 30 June 2016 to approximately HK\$7.2 million for the six months ended 30 Jun 2017. The decrease in cost of revenue of 2.5% was lower than the 8.1% decrease in revenue mainly due to the incurrence of additional rental and other overhead expenses and labour costs was relatively constant.

Cost of revenue for the Lithium Battery Business of HK\$2.5 million (2016: Nil) represents mainly the rental expenses of the factory premises. The rental expenses were fully refundable from the PRC government which give rise a corresponding other income.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### EXPENSES

Selling and marketing costs for the period decreased by approximately HK\$0.2 million which was mainly due to decrease in employee benefit expenses for the relevant activities.

Administrative expenses for the six months ended 30 June 2016 included non-recurring expenses in relation to the Listing of HK\$4.5 million. Excluding the expenses for the Listing, administrative expenses increased by approximately HK\$3.1 million from HK\$1.6 million for the six months ended 30 June 2016 to approximately HK\$4.7 million for the six months ended 30 June 2017, primarily due to the increase in emoluments of HK\$1.1 million paid to the staff and directors and increase in audit and other professional fee of HK\$1.4 million.

### PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY

Profit attributable to owners of the Company for the six months ended 30 June 2017 amounted to HK\$0.3 million, whereas there was a loss attributable to owners of the Company of HK\$0.1 million recorded for the six months ended 30 June 2016. The increase in the profitability was principally attributable to no expenses incurred for the Listing in current period. Excluding the Listing expenses of HK\$4.5 million incurred and charged to profit and loss for the six months ended 30 June 2016, the profit attributable to owners of the Company for the six months ended 30 June 2016 was HK\$4.6 million, representing there is a period-on-period decrease of HK\$4.3 million or 93.2%. The decrease was mainly attributable to the operating performance of the Group as analysed above.

### FINANCIAL RESOURCES AND LIQUIDITY

For the six months ended 30 June 2017, the Group's primary source of funding included its own working capital, the net proceeds from the Listing in July 2016 and bank borrowings. As at 30 June 2017, the Group had net current assets of HK\$0.8 million (31 December 2016: HK\$23.3 million), cash and cash equivalents of HK\$42.3 million (31 December 2016: HK\$42.7 million) which were placed with major banks in Hong Kong and the PRC and bank borrowings of HK\$45 million (31 December 2016: Nil). As at 30 June 2017, the Group has unutilised banking facilities of HK\$25 million (31 December 2016: HK\$10 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 0.026 as at 30 June 2017 (31 December 2016: not applicable as the Group had no net debt).

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### CAPITAL STRUCTURE

The shares of the Company have been listed on GEM since 11 July 2016 and there are no material change in the capital structure of the Company since that date. The capital of the Group comprises only ordinary shares.

### CAPITAL EXPENDITURES AND COMMITMENTS

The Group incurred capital expenditures of HK\$24.3 million for the six months ended 30 June 2017 (2016: HK\$0.8 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 and replacement of vehicles in Hong Kong.

Capital commitments contracted for but not incurred by the Group as at 30 June 2017 amounted to HK\$8.5 million (31 December 2016: HK\$15.0 million) which were mainly related to the purchase of various production plants and machinery for the 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 2017 and 31 December 2016.

### EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2017, the Group had 224 (31 December 2016: 157) full-time employees of whom 174 (31 December 2016: 108) were based in China and 50 (31 December 2016: 49) 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.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### SHARE OPTION SCHEME

A share option scheme (the "Scheme") was adopted by the shareholders of the Company at the annual general meeting held on 31 May 2017 and will be valid for a period of ten years from the date of adoption of the Scheme. The maximum number of unexercised share options currently permitted to be granted under the Scheme is 54,011,296 shares, representing 10% of the issued share capital of the Company as at 30 June 2017. For further details of the Scheme, please refer to the circular issued by the Company on 31 March 2017. No share options were granted under the Scheme during the six months ended 30 June 2017.

### DIVIDEND

The Directors do not recommend the payment of dividend for the six months ended 30 June 2017.

### 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 appreciation of RMB against HK\$, the Group reported HK\$2.2 million non-cash translation gain - an increase in the reserve of its consolidated balance sheet - when converting RMB-denominated assets and liabilities into HK\$ at 30 June 2017.

The Group retains some bank balances in HK\$ in PRC which incurred to a foreign exchange loss of approximately HK\$0.1 million as HK\$ depreciated against the RMB.

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 2017, 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 2017 as stated in the Prospectus

Implementation plan

Actual business progress up to 30 June 2017

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 one additional technician.
	—	Expand the Group's motorcade service teams by acquiring new vehicles for providing door-to-door services.	The Group has acquired two 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 is in the process of vendor selection for developing online facility to allow online reservations.
	—	Identify potential new shop premises in East Kowloon.	The Group is in the process of identifying potential new shop premises in East Kowloon.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Business strategies up to 30 June 2017 as stated in the Prospectus

	Implementation plan	Actual business progress up to 30 June 2017
Improvement in customer service facilities and service quality	— Renovate the Group's Tokwawan service centres.	The Group has renovated its Tokwawan 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 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.	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.
	— 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 entered into six business contracts with insurance companies for the provision of vehicle glass repairing services to the cars under their insurance coverage after the Listing Date.
	— 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.	The Group is in the process of vendor selection for development of such applications.

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 PROCEEDS FROM THE LISTING

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. The net proceeds have been applied for the purpose in accordance with the future plans and use of proceeds as set out in the Prospectus.

During the period from 11 July 2016 (the "Listing Date") to 30 June 2017, the net proceeds from the public offering had been applied 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	Actual usage HK\$ million
Expansion of service capacity (Note 2)	4.1	2.8
Improvement in customer service facilities and service capacity	0.7	0.8
Sales and marketing	0.4	0.4
General working capital	0.2	0.2
Total	5.4	4.2

*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.
2. The actual usage for expansion of service capacity is lower than the planned usage as we are still in the process of vendor selection for developing online ordering platform and the Group added less vehicles as the existing vehicle team is able to fulfil the current order demand.

As at the date of this report, apart from disclosed above, the Directors do not anticipate any change to the plan as to the use of proceeds.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Apart from the capital contribution to subscribe for approximately 18% equity interest in Xinyi Wind as disclosed on page 21 of this report, there were no significant investments held, nor were there any material acquisitions or disposals of subsidiaries and affiliated companies during the six months ended 30 June 2017. Save as those disclosed in the Prospectus, 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 2017, the Group did not have any significant contingent liability (31 December 2016: Nil).

### EVENT AFTER THE REPORTING PERIOD

No significant events have taken place subsequent to 30 June 2017 and up to the date of this report.

### CHANGES IN DIRECTORS' INFORMATION

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

On 17 March 2017, 26 May 2017 and 30 June 2017, our independent non-executive director Mr. NG Wai Hung resigned to act as the independent non-executive directors of Tech Pro Technology Development Limited (stock code: 03823), Gome Electrical Appliances Holding Limited (stock code: 00493) and Kingbo Strike Limited (stock code: 01421) respectively.

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

### INTERESTS AND SHORT POSITIONS OF OUR DIRECTORS IN OUR SHARES OR THE SHARES OF OUR ASSOCIATED CORPORATIONS

Director	Capacity	Name of the controlled corporations	Number of issued ordinary shares held	Percentage of the issued share capital of the Company (%)
Datuk TUNG Ching Sai	Interest in a controlled corporation	Copark <sup>(1)</sup> (as defined below)	30,866,571	5.71
		Full Guang <sup>(3)</sup> (as defined below)	3,696,750	0.68
	Personal interest/ Spouse interest <sup>(1)</sup>		71,262,250	13.19
	Interest in persons acting in concert <sup>(2)</sup>		347,111,378	64.27

*Notes:*

- Datuk TUNG Ching Sai is the beneficial owner of all the issued share capital of Copark Investment Limited ("Copark"), a company incorporated in the BVI and wholly-owned by Datuk TUNG Ching Sai, which is the registered owner of 30,866,571 Shares. Datuk TUNG Ching Sai also has personal interest in 363,500 Shares held in his own name and 70,898,750 Shares held through his spouse, Madam SZE Tang Hung.
- 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).
- The interests in our Shares are held through Full Guang Holdings Limited ("Full Guang"), a company incorporated in the BVI with limited liability on 19 December 2005. Full Guang is owned by Datuk LEE Yin Yee, B.B.S. as to 33.98%, Mr. TUNG Ching Bor as to 16.20%, Datuk TUNG Ching Sai as to 16.20%, Mr. LEE Sing Din as to 11.85%, Mr. LI Ching Wai as to 5.56%, Mr. NG Ngan Ho as to 3.70%, Mr. LI Man Yin as to 3.70%, Mr. SZE Nang Sze as to 5.09% and Mr. LI Ching Leung as to 3.70%.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### CODE OF CONDUCT REGARDING SECURITIES TRANSACTION 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 2017.

### SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

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

### 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 (%)
Datuk LEE Yin Yee, B.B.S.	Interest in controlled corporation <sup>(3)</sup>	90,651,194	16.78
	Interest in controlled corporation <sup>(1)</sup>	3,696,750	0.68
	Personal interest <sup>(3)</sup>	18,539,250	3.43
	Interest in persons acting in concert <sup>(2)</sup>	347,111,378	64.27
Mr. TUNG Ching Bor	Interest in a controlled corporation <sup>(4)</sup>	33,345,807	6.17
	Interest in controlled corporation <sup>(1)</sup>	3,696,750	0.68
	Personal interest <sup>(4)</sup>	5,450,000	1.01
	Interest in persons acting in concert <sup>(2)</sup>	347,111,378	64.27
Mr. LEE Sing Din	Interest in a controlled corporation <sup>(5)</sup>	31,449,386	5.82
	Interest in controlled corporation <sup>(1)</sup>	3,696,750	0.68
	Personal interest <sup>(5)</sup>	2,596,250	0.48
	Interest in persons acting in concert <sup>(2)</sup>	347,111,378	64.27
Mr. LI Ching Wai	Interest in a controlled corporation <sup>(4)</sup>	14,572,608	2.70
	Interest in controlled corporation <sup>(1)</sup>	3,696,750	0.68
	Interest in persons acting in concert <sup>(2)</sup>	347,111,378	64.27

## 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. LI Man Yin	Interest in a controlled corporation <sup>(7)</sup>	9,880,238	1.83
	Interest in controlled corporation <sup>(1)</sup>	3,696,750	0.68
	Personal interest <sup>(7)</sup>	1,292,500	0.24
	Interest in persons acting in concert <sup>(2)</sup>	347,111,378	64.27
Mr. SZE Nang Sze	Interest in a controlled corporation <sup>(8)</sup>	13,203,847	2.44
	Interest in controlled corporation <sup>(1)</sup>	3,696,750	0.68
	Personal interest	35,000	0.01
	Interest in persons acting in concert <sup>(2)</sup>	347,111,378	64.27
Mr. NG Ngan Ho	Interest in a controlled corporation <sup>(9)</sup>	9,731,739	1.80
	Interest in controlled corporation <sup>(1)</sup>	3,696,750	0.68
	Personal interest	325,000	0.06
	Interest in persons acting in concert <sup>(2)</sup>	347,111,378	64.27
Mr. LI Ching Leung	Interest in a controlled corporation <sup>(10)</sup>	9,731,738	1.80
	Interest in controlled corporation <sup>(1)</sup>	3,696,750	0.68
	Personal interest <sup>(10)</sup>	481,250	0.09
	Interest in persons acting in concert <sup>(2)</sup>	347,111,378	64.27

### 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 Datuk LEE Yin Yee, B.B.S. as to 33.98%, Mr. TUNG Ching Bor as to 16.20%, Datuk TUNG Ching Sai as to 16.20%, Mr. LEE Sing Din as to 11.85%, Mr. LI Ching Wai as to 5.56%, Mr. NG Ngan Ho as to 3.70%, Mr. LI Man Yin as to 3.70%, Mr. SZE Nang Sze as to 5.09% and Mr. LI Ching Leung as to 3.70%.
- (2) Pursuant to the Shareholders' Agreement 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) Datuk LEE Yin Yee, B.B.S.'s interests in 90,651,194 Shares are held through Realbest Investment Limited, a company incorporated in the BVI with limited liability and wholly-owned by Datuk LEE Yin Yee, B.B.S.. Datuk LEE Yin Yee, B.B.S.'s interests in 18,539,250 Shares are held through a joint account with his spouse, Madam TUNG Hai Chi.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

- (4) Mr. TUNG Ching Bor's interests in 33,345,807 Shares are held through High Park Technology Limited, a company incorporated in the BVI with limited liability and wholly-owned by Mr. TUNG Ching Bor. Mr. TUNG Ching Bor's interests in 5,450,000 Shares are held through a joint account with his spouse, Madam KUNG Sau Wai.
- (5) Mr. LEE Sing Din's interest in Shares are held through Telerich Investment Limited, a company incorporated in the BVI with limited liability and wholly-owned by Mr. LEE Sing Din.
- (6) Mr. LI Ching Wai's interests in Shares are held through Goldbo International Limited, a company incorporated in the BVI with limited liability and wholly-owned by Mr. LI Ching Wai.
- (7) Mr. LI Man Yin's interests in 9,880,238 Shares are held through Perfect All Investments Limited, a company incorporated in the BVI with limited liability and wholly-owned by Mr. LI Man Yin. Mr. LI Man Yin's interests in 1,292,500 Shares are held through a joint account with his spouse, Madam LI Sau Suet.
- (8) Mr. SZE Nang Sze's interests in Shares are held through Goldpine Limited, a company incorporated in the BVI with limited liability and wholly-owned by Mr. SZE Nang Sze.
- (9) Mr. NG Ngan Ho's interests in Shares are held through Linkall Investment Limited, a company incorporated in the BVI with limited liability and wholly-owned by Mr. NG Ngan Ho.
- (10) Mr. LI Ching Leung's interests in 9,731,738 Shares are held through Herosmart Holdings Limited, a company incorporated in the BVI with limited liability and wholly-owned by Mr. LI Ching Leung. Mr. LI Ching Leung has personal interests in 431,250 Shares held in his own name and 50,000 Shares held through his spouse, Madam DY Maria Lumin.

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

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2017, 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 2017, 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 2017.

### COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Board is committed to ensuring and upholding a high standard of corporate governance, transparency and business practices, which are fundamental to the success of the Group and protecting the overall interests of 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 2017, 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 2017 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  
Datuk TUNG Ching Sai  
Chairman

Hong Kong, 28 July 2017

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