

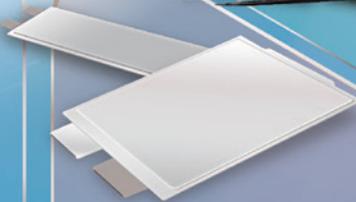


信義香港
XINYI
HONG KONG

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
FIRST 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.

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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.

The Board is pleased to present the unaudited consolidated results of the Group for the three months ended 31 March 2018 together with the comparative unaudited figures for the three months ended 31 March 2017 as follows.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 31 March 2018

	Notes	Three months ended 31 March	
		2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Revenue	3	26,960	10,828
Cost of revenue		(19,434)	(9,042)
Gross profit		7,526	1,786
Other income		1,654	1,200
Other (losses)/gains, net		(79)	15
Selling and marketing costs		(1,543)	(793)
Administrative expenses		(4,654)	(2,043)
Operating profit		2,904	165
Finance income		48	14
Finance costs		(190)	—
Profit before income tax		2,762	179
Income tax expense	4	(860)	(55)
Profit for the period		1,902	124
Other comprehensive income:			
<i>Item that may be subsequently reclassified to profit or loss:</i>			
Currency translation differences		7,425	589
Total comprehensive income attributable to owners of the Company		9,327	713
Basic and diluted earnings per share (HK cents per share)	6	0.35	0.02

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 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	—	—	—	—	—	—	—	1,902	1,902
Other comprehensive income	—	—	—	—	7,425	—	—	—	7,425
Total comprehensive income	—	—	—	—	7,425	—	—	1,902	9,327
Transactions with owners									
Employee's share option scheme: — Value of employee services	—	—	—	14	—	—	—	—	14
Balance at 31 March 2018 (Unaudited)	5,401	36,175	13,587	2,965	12,954	4,178	615	56,872	132,747
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	—	—	—	—	—	—	—	124	124
Other comprehensive income	—	—	—	—	589	—	—	—	589
Total comprehensive income	—	—	—	—	589	—	—	124	713
Balance at 31 March 2017 (Unaudited)	5,401	36,175	13,587	2,922	(1,357)	—	—	46,321	103,049

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands on 18 November 2015 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The registered office of the Company is PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands.

The Company is an investment holding company and the Group is principally engaged in the provision of installation of automobile glass products in Hong Kong. The Group is also engaged in the production and sale of lithium battery and energy storage products, 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 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

Except for the adoption of 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 three months ended 31 March 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 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 31 March	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Sales of automobile glass with installation and repair services	12,485	10,828
Sales of lithium battery and energy storage products	11,990	—
Sales of forklift	1,896	—
Wind farm management service	589	—
	26,960	10,828

4. INCOME TAX EXPENSE

	Three months ended 31 March	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Current income tax		
– Hong Kong profits tax (Note (a))	278	55
– PRC corporate income tax ("CIT") (Note (b))	582	—
	860	55

Notes:

- Hong Kong profits tax has been provided at the rate of 16.5% (2017: 16.5%) on the estimated assessable profits for the period.
- CIT is provided on the estimated taxable profits of its subsidiaries established in the PRC for the period, calculated in accordance with the relevant tax rules and regulations.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

5. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2018 (2017: Nil).

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 period.

	Three months ended 31 March	
	2018	2017
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company (HK\$'000)	1,902	124
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share ('000)	540,113	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.

7. SUBSEQUENT EVENT

On 16 March 2018, the Board announced that the Company proposed to raise gross proceeds of approximately HK\$199.84 million 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 issued ordinary shares of the Company was increased to approximately 648,136,000 shares and the share capital of the Company was increased from HK\$5,401,000 to HK\$6,481,000.

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 one additional cooperation agreement with an insurance company in Hong Kong during the three months ended 31 March 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.

New Energy — Lithium Battery and Related Business

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 delivery for sale of lithium battery products commenced in the third quarter of 2017. Hence, during the three months ended 31 March 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 started to engage in the trading of forklifts powered by its lithium batteries. Such arrangement brings synergies effect in boosting the sales of both lithium battery products as well as forklift, contributing a new source of revenue for the Group.

The Group also engages 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 stabilization, uninterruptible power supply (UPS) and power banks for households. The first energy storage product has been delivered for sale in January 2018.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

New Energy — Wind Power Business

In April 2017, the Group had subscribed for approximately 18% equity interest in Xinyi Wind Power (Jinzhai) Company Limited (“**Xinyi Wind**”). Xinyi Wind has a wind farm in Anhui Province with grid connection completed in the fourth quarter of 2017.

Following the above equity investment, the Group has formed a team of technicians for the development, operation and maintenance of wind power farms. The Directors believe that such initiative facilitates the Group to be acquainted with wind power farm operations and is beneficial to the future business development of the Group. The team provides management services to Xinyi Wind since the third quarter of 2017.

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 three months ended 31 March 2018, the Group’s revenue was HK\$27.0 million (2017: HK\$10.8 million), representing an increase by 149.0% 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

	Three months ended 31 March		2017		Increase	
	2018		2017			
	HK\$'million	%	HK\$'million	%	HK\$'million	%
Sale of automobile glass with installation and repair services	12.5	46.3	10.8	100	1.7	15.3
Sales of lithium battery and energy storage products	12.0	44.5	—	—	12.0	N/A
Trading of forklift	1.9	7.0	—	—	1.9	N/A
Wind farm related business	0.6	2.2	—	—	0.6	N/A
Total revenue	27.0	100	10.8	100	16.2	149.0

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Cost of revenue and gross profit

Cost of revenue comprised of HK\$8.7 million (2017: HK\$7.9 million) arising from the Vehicle Glass Repair and Replacement Business, HK\$8.9 million (2017: HK\$1.2 million) arising from the Lithium Battery and Energy Storage Business, HK\$1.4 million (2017: Nil) arising from trading of forklifts, and HK\$0.4 million (2017: Nil) arising from the Wind Power Business.

Cost of revenue of Vehicle Glass Repair and Replacement Business increased by approximately 10.5% from HK\$7.9 million for the three months ended 31 March 2017 to approximately HK\$8.7 million for the three months ended 31 March 2018. The gross profit increased by 28.1% from approximately HK\$2.9 million for the three months ended 31 March 2017 to approximately HK\$3.8 million for the three months ended 31 March 2018. The increase in cost of revenue of 10.5% was lower than the % increase in revenue of 15.3% mainly due to the incurrence of rental and other overhead expenses including labour costs was relatively constant.

Cost of revenue for the Lithium Battery and Energy Storage Business of HK\$8.9 million (2017: HK\$1.2 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 Power Business represents mainly the staff costs.

Expenses

Selling and marketing costs for the period increased by approximately HK\$0.8 million which was mainly due to increase in employee benefit expenses for the relevant activities.

Administrative expenses increased by approximately HK\$2.6 million from HK\$2.0 million for the three months ended 31 March 2017 to approximately HK\$4.7 million for the three months ended 31 March 2018, primarily due to the increase in research and development costs of HK\$1.2 million and increase in emoluments of HK\$0.8 million paid to the staff and directors.

Profit attributable to owners of the Company

Profit attributable to owners of the Company for the three months ended 31 March 2018 amounted to HK\$1.9 million (2017: HK\$0.1 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 at 31 March 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 Shares

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 ⁽¹⁾ (as defined below)	30,866,571	5.71
		Full Guang ⁽³⁾ (as defined below)	3,696,750	0.68
	Personal interest/ Spouse interest ⁽¹⁾		80,814,250	14.96
	Interest in persons acting in concert ⁽²⁾		374,171,378	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 30,866,571 of our Shares. Mr. TUNG Ching Sai also has personal interest in 363,500 Shares held in his own name and 80,450,750 Shares held through his spouse, Madam SZE Tang Hung.
- (2) Pursuant to the shareholders' agreement dated 25 June 2016 (the "**Shareholders' Agreement**") entered amongst our Controlling Shareholders (as defined in the Prospectus), each of 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 British Virgin Islands (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%.

Save as disclosed above, as at 31 March 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)

(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 ⁽¹⁾	40,000	0.01
Mr. CHAN Chi Leung	Personal interest	40,000	0.01
Mr. SHI Chit Yuk	Personal interest	40,000	0.01
	Spouse interest ⁽¹⁾	40,000	0.01

Note:

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

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings 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 three months ended 31 March 2018.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

So far as is known to the Directors, as at 31 March 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 a controlled corporation ⁽³⁾	90,651,194	16.78
	Interest in a controlled corporation ⁽¹⁾	3,696,750	0.68
	Personal interest ⁽³⁾	28,451,250	5.27
	Interest in persons acting in concert ⁽²⁾	374,171,378	69.28
Mr. TUNG Ching Bor	Interest in a controlled corporation ⁽⁴⁾	33,345,807	6.17
	Interest in a controlled corporation ⁽¹⁾	3,696,750	0.68
	Personal interest ⁽⁴⁾	7,386,000	1.37
	Interest in persons acting in concert ⁽²⁾	374,171,378	69.28
Mr. LEE Sing Din	Interest in a controlled corporation ⁽⁵⁾	31,449,386	5.82
	Interest in a controlled corporation ⁽¹⁾	3,696,750	0.68
	Personal interest	2,596,250	0.48
	Interest in persons acting in concert ⁽²⁾	374,171,378	69.28
Mr. LI Ching Wai	Interest in a controlled corporation ⁽⁶⁾	14,572,608	2.70
	Interest in a controlled corporation ⁽¹⁾	3,696,750	0.68
	Interest in persons acting in concert ⁽²⁾	374,171,378	69.28
Mr. LI Man Yin	Interest in a controlled corporation ⁽⁷⁾	9,880,238	1.83
	Interest in a controlled corporation ⁽¹⁾	3,696,750	0.68
	Personal interest ⁽⁷⁾	1,292,500	0.24
	Interest in persons acting in concert ⁽²⁾	374,171,378	69.28
Mr. SZE Nang Sze	Interest in a controlled corporation ⁽⁸⁾	14,283,847	2.64
	Interest in a controlled corporation ⁽¹⁾	3,696,750	0.68
	Personal interest	835,000	0.15
	Interest in persons acting in concert ⁽²⁾	374,171,378	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⁾	9,831,739	1.82
	Interest in a controlled corporation ⁽¹⁾	3,696,750	0.68
	Personal interest	925,000	0.17
	Interest in persons acting in concert ⁽²⁾	374,171,378	69.28
Mr. LI Ching Leung	Interest in a controlled corporation ⁽¹⁰⁾	9,731,738	1.80
	Interest in a controlled corporation ⁽¹⁾	3,696,750	0.68
	Personal interest ⁽¹⁰⁾	3,561,250	0.66
	Interest in persons acting in concert ⁽²⁾	374,171,378	69.28

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 entered amongst our 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 90,651,194 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 28,451,250 Shares are held through a joint account with his spouse, Madam TUNG Hai Chi.
- (4) Mr. TUNG Ching Bor's interests in 33,345,807 Shares are held through High Park Technology Limited, a company incorporated in the BVI with limited liability and wholly-owned by Mr. TUNG Ching Bor. Mr. TUNG Ching Bor's interests in 7,386,000 Shares are held through a joint account with his spouse, Madam KUNG Sau Wai.
- (5) Mr. LEE Sing Din's interest in 31,449,386 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 9,880,238 Shares are held through Perfect All Investments Limited, a company incorporated in the BVI with limited liability and wholly-owned by Mr. LI Man Yin. Mr. LI Man Yin's interests in 1,292,500 Shares are held through a joint account with his spouse, Madam LI Sau Suet.
- (8) Mr. SZE Nang Sze's interests in Shares are held through Goldpine Limited, a company incorporated in the BVI with limited liability and wholly-owned by Mr. SZE Nang Sze.
- (9) Mr. NG Ngan Ho's interests in Shares are held through Linkall Investment Limited, a company incorporated in the BVI with limited liability and wholly-owned by Mr. NG Ngan Ho.
- (10) Mr. LI Ching Leung's interests in 9,731,738 Shares are held through Herosmart Holdings Limited, a company incorporated in the BVI with limited liability and wholly-owned by Mr. LI Ching Leung. Mr. LI Ching Leung has personal interests in 3,511,250 Shares held in his own name and 50,000 Shares held through his spouse, Madam DY Maria Lumin.

Save as disclosed above, as at 31 March 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. No share option was granted under the Scheme during the three months ended 31 March 2018. As at 31 March 2018, a total of 312,000 options were still outstanding under the Scheme.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the three months ended 31 March 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 three months ended 31 March 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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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 31 March 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 three months ended 31 March 2018, the Company had complied with the applicable code provisions set out in the CG Code.

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 include 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 three months ended 31 March 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, 15 May 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.