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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)

PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY FIVE (5) EXISTING SHARES HELD ON THE RECORD DATE AND NOTICE OF CLOSURE OF REGISTER OF MEMBERS

Underwriters to the Rights Issue

Mr. LEE Yin Yee, B.B.S.

Mr. LEE Sing Din

Mr. LI Man Yin

Mr. TUNG Ching Bor

Mr. LI Ching Leung

Mr. NG Ngan Ho

Mr. TUNG Ching Sai

Mr. LI Ching Wai

Mr. SZE Nang Sze

PROPOSED RIGHTS ISSUE

The Company proposes to raise approximately HK\$199.84 million, before expenses, by issuing 108,022,592 Rights Shares by way of rights issue at the Subscription Price of HK\$1.85 per Rights Share, on the basis of one (1) Rights Share for every five (5) existing Shares held on the Record Date.

Assuming that there is no change in the issued share capital of the Company from the date of this announcement up to the Record Date, the 108,022,592 Rights Shares proposed to be issued and allotted pursuant to the Rights Issue represent (i) 20.0% of the existing issued share capital of the Company; and (ii) approximately 16.7% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares immediately after completion of the Rights Issue.

The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Non-Qualifying Shareholders. In order to be registered as members of the Company on the Record Date, Shareholders must lodge any transfers of the Shares (together with the relevant share certificates) with the Registrar by no later than 4:30 p.m. on Monday, 16 April 2018.

The register of members of the Company will be closed from Tuesday, 17 April 2018 to Monday, 23 April 2018, both dates inclusive, to determine entitlements of the Qualifying Shareholders to participate in the Rights Issue.

The Record Date is Monday, 23 April 2018. The last day of dealings in the Shares on a cum-rights basis is Thursday, 12 April 2018. The Shares will be dealt in on ex-rights basis from Friday, 13 April 2018. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company on the Record Date and must not be a Non-Qualifying Shareholder.

The net proceeds from the Rights Issue after deducting the estimated expenses in relation to the Rights Issue are estimated to be approximately HK\$198.89 million. Details of the intended use of proceeds of the Rights Issue are set out in the section headed “REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS” of this announcement.

THE UNDERWRITING AGREEMENT

After trading hours on 16 March 2018, the Company and the Underwriters entered into the Underwriting Agreement, pursuant to which, the Underwriters, being Mr. LEE Yin Yee, B.B.S., Mr. TUNG Ching Bor, Mr. TUNG Ching Sai, Mr. LEE Sing Din, Mr. LI Ching Leung, Mr. LI Ching Wai, Mr. LI Man Yin, Mr. NG Ngan Ho and Mr. SZE Nang Sze have severally undertaken to the Company that they will underwrite the subscription for the Underwritten Shares on and subject to the terms and conditions of the Underwriting Agreement.

The obligations of the Underwriters to underwrite the Underwritten Shares are conditional on (i) the satisfaction of the conditions referred to in the section headed “UNDERWRITING ARRANGEMENTS — Conditions of the Rights Issue and the Underwriting Agreement” in this announcement, which cannot be waived in whole or part; and (ii) the Underwriting Agreement not being terminated by the Underwriters in accordance with its terms. If the conditions are not fulfilled or the Underwriting Agreement is terminated pursuant to its terms, the Rights Issue will not proceed.

IRREVOCABLE UNDERTAKINGS

Pursuant to the Irrevocable Undertakings, the Underwriters and Full Guang have irrevocably undertaken to the Company (i) to accept or to procure their respective associates to accept their respective assured entitlements to the Rights Shares under the Rights Issue in full (with the exception of the 3,696,750 Shares held through Full Guang, which is in turn jointly owned by the Underwriters); and (ii) the 370,474,628 Shares held by them in aggregate, either directly or indirectly (excluding the 3,696,750 Shares held through Full Guang), representing approximately 68.59% of the Company’s entire issued share capital as at the date of this announcement, will remain so held by them from the date of the Irrevocable Undertakings to the Record Date.

IMPLICATIONS UNDER THE GEM LISTING RULES

As at the date of this announcement, (i) the Underwriters (together with their respective associates), is interested in aggregate 374,171,378 Shares, representing approximately 69.28% of the existing issued share capital of the Company; (ii) Mr. TUNG Ching Sai, is a non-executive Director and, together with his spouse and his wholly-owned subsidiary, is interested in an aggregate of 111,680,821 Shares (representing approximately 20.68% of the existing issued share capital of the Company); and (iii) Mr. LEE Shing Kan is the son of Mr. LEE Yin Yee, B.B.S., being one of the Underwriters. As such, each of the Underwriters is a connected person of the Company and the transaction contemplated under the Underwriting Agreement constitute a connected transaction of the Company under Chapter 20 of the GEM Listing Rules.

Pursuant to Rule 20.90(2) of the GEM Listing Rules, as the Company has made arrangements for the Qualifying Shareholders to apply for the Rights Shares in excess of their entitlements under the Rights Shares in compliance with Rule 10.31(1) of the GEM Listing Rules, the Underwriting Agreement is exempted from the reporting, announcement and independent shareholders’ approval requirements under Chapter 20 of the GEM Listing Rules.

Since the Rights Issue would not increase the issued share capital or the market capitalization of the Company by more than 50%, the Rights Issue is not required to be conditional on approval by the Shareholders under Rule 10.29 of the GEM Listing Rules.

GENERAL

Subject to the fulfillment of certain conditions of the Rights Issue, the Company will despatch the Prospectus Documents containing, among other matters, details of the Rights Issue to the Qualifying Shareholders. The Company will despatch the Prospectus to the Non-Qualifying Shareholders for their information only. The PAL and the EAF will not be sent to the Non-Qualifying Shareholders.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE NIL-PAID RIGHTS SHARES

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among others, the Underwriting Agreement having become unconditional and the Underwriters not having terminated the Underwriting Agreement in accordance with the terms thereof.

Accordingly, the Rights Issue may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares and if they are in any doubt about their position, they should consult their professional advisers.

Shareholders should note that the Shares will be dealt in on an ex-rights basis commencing from Friday, 13 April 2018 and that dealings in the Rights Shares in their nil-paid form will take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled.

Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject to are fulfilled (which is expected to be no later than 4:00 p.m. on Saturday, 12 May 2018) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholder or other person contemplating selling or purchasing any Shares and/or nil-paid Rights Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional adviser.

PROPOSED RIGHTS ISSUE

The Company proposes to raise approximately HK\$199.84 million, before expenses, by issuing 108,022,592 Rights Shares by way of rights issue at the Subscription Price of HK\$1.85 per Rights Share, on the basis of one (1) Rights Share for every five (5) existing Shares held on the Record Date. The details of the Rights Issue are set out as follows:

Issue statistics

Basis of the rights issue	: One (1) Rights Share for every five (5) Shares in issue held on the Record Date
Subscription Price	: HK\$1.85 per Rights Share
Number of Shares in issue as at the date of this announcement	: 540,112,962.38 Shares
Number of Rights Shares	: 108,022,592 Rights Shares (assuming there is no change in the issued share capital of the Company from the date of this announcement up to the Record Date), representing 20.0% of the existing issued share capital of the Company as at the date of this announcement and approximately 16.7% of the then issued share capital of the Company as enlarged by the allotment and issue of the 108,022,592 Rights Shares
Underwriters	: Mr. LEE Yin Yee, B.B.S., Mr. TUNG Ching Bor, Mr. TUNG Ching Sai, Mr. LEE Sing Din, Mr. LI Ching Leung, Mr. LI Ching Wai, Mr. LI Man Yin, Mr. NG Ngan Ho and Mr. SZE Nang Sze
Number of Underwritten Shares	: 33,927,671 Rights Shares (assuming there is no change in the issued share capital of the Company from the date of this announcement up to the Record Date)
Number of Shares in issue immediately after completion of the Rights Issue	: 648,135,554.38 Shares (assuming there is no change in the issued share capital of the Company from the date of this announcement up to the Record Date)

- Amount to be raised by the Rights Issue before expenses : Approximately HK\$199.84 million (assuming there is no change in the issued share capital of the Company from the date of this announcement up to the Record Date)
- Right of excess application : Qualifying Shareholders may apply for the Rights Shares in excess of their provisional allotment

As at the date of this announcement, there are outstanding share options granted pursuant to the share option scheme of the Company, to subscribe for an aggregate of 312,000 new Shares. No such share option will become exercisable before the Record Date.

Save for the outstanding share options as mentioned above, the Company does not have any outstanding convertible securities, options or warrants in issue or similar rights which confer any right to subscribe for, convert or exchange into the Shares.

Subscription Price

The Subscription Price is HK\$1.85 per Rights Share, payable in full when a Qualifying Shareholder accepts his/her/its provisional allotment under the Rights Issue and, where applicable, application for excess Rights Shares under the Rights Issue, or when a transferee of nil-paid Rights Shares subscribes for the Rights Shares.

The Subscription Price represents:

- (a) a discount of approximately 11.9% to the closing price of HK\$2.10 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 12.2% to the average closing price of approximately HK\$2.108 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the Last Trading Day;
- (c) a discount of approximately 12.8% to the average closing price of approximately HK\$2.121 per Share as quoted on the Stock Exchange for the ten consecutive trading days immediately prior to the Last Trading Day; and
- (d) a discount of approximately 10.1% to the theoretical ex-rights price of approximately HK\$2.058 per Share based on the closing price of HK\$2.10 per Share as quoted on the Stock Exchange on the Last Trading Day.

Based on the Subscription Price of HK\$1.85, the estimated gross proceeds will be approximately HK\$199.84 million (assuming there is no change in the issued share capital of the Company from the date of this announcement up to the Record Date). The net proceeds from the Rights Issue after deducting the estimated expenses in relation to the Rights Issue are estimated to be approximately HK\$198.89 million (assuming there is no change in the issued share capital of the Company from the date of this announcement up to the Record Date). The estimated net issue price per Rights Share after deducting the related expenses of the Rights Issue will be approximately HK\$1.84.

The Subscription Price was determined by the Directors with reference to, among other things, the market price and trading liquidities of the Shares under the prevailing market conditions prior to the Last Trading Day and the net asset value per Share as at 31 December 2017 of the Company.

As all the Qualifying Shareholders are entitled to subscribe for the Rights Shares in the same proportion to his/her/its existing shareholding in the Company held on the Record Date, the Board considers that the discount of the Subscription Price to the current market price of the Shares would encourage the Qualifying Shareholders to participate in the Rights Issue so as to maintain their pro rata shareholdings in the Company and participate in the future growth of the Group. Taking into account the reasons for the Rights Issue and the use of proceeds as detailed in the section headed “REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS” in this announcement, the Directors consider that the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

Basis of provisional allotment

The basis of the provisional allotment shall be one (1) Rights Share (in nil-paid form) for every five (5) Shares in issue held by the Qualifying Shareholders on the Record Date. Application for all or any part of a Qualifying Shareholder’s provisional allotment should be made by completing the PAL and lodging the same with a remittance for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

Status of the Rights Shares

The Rights Shares, when allotted, issued and fully-paid, will rank *pari passu* with the Shares then in issue in all respects. Holders of the fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Rights Shares in their fully-paid form.

Closure of register of members

The register of members of the Company will be closed from Tuesday, 17 April 2018 to Monday, 23 April 2018, both dates inclusive, to determine entitlements of the Qualifying Shareholders to participate in the Rights Issue. No transfer of Shares will be registered during this period.

Qualifying shareholders

The Rights Issue will only be available to the Qualifying Shareholders. Subject to the registration of the Prospectus Documents in accordance with the applicable laws and regulations, the Company will, on the Prospectus Posting Date, send the Prospectus Documents setting out details of the Rights Issue to the Qualifying Shareholders and the Prospectus (without the PAL and the EAF), for information only, to the Non-Qualifying Shareholders.

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company on the Record Date and must not be a Non-Qualifying Shareholder.

In order to be registered as members of the Company on the Record Date, Shareholders must lodge any transfers of the Shares (together with the relevant share certificates) with the Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Monday, 16 April 2018. The last day for dealing in the Shares on a cum-rights basis is Thursday, 12 April 2018 and the Shares will be dealt in on an ex-rights basis from Friday, 13 April 2018.

Rights of Overseas Shareholders

The Prospectus Documents will not be registered under the applicable securities legislation of any jurisdiction other than Hong Kong. Overseas Shareholders on the Record Date, if any, may not be eligible to take part in the Rights Issue as explained below.

In compliance with Rule 17.41(1) of the GEM Listing Rules, if necessary, the Company will make enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders (if any). If, based on legal advice, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholders (if any) on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place, the Rights Issue will not be made available to such Overseas Shareholders and no provisional allotment of nil-paid Rights Shares will be made to them. Further information in this connection will be set out in the Prospectus. The Prospectus (without the PAL and the EAF) will be sent to the Non-Qualifying Shareholders (if any) for information only.

The Company shall provisionally allot the Rights Shares which represent the entitlements of the Non-Qualifying Shareholders to a nominee of the Company in nil-paid form and the Company shall procure that such nominee shall endeavour to sell the rights as soon as practicable after dealings in nil-paid Rights Shares commence and in any event on or before the last day of dealings in nil-paid Rights Shares at a net premium (nil-paid). If and to the extent that such rights can be so sold, the nominee of the Company shall account to the Company for the net proceeds of sale (after deducting the expenses of sale, if any), on the basis that the net proceeds after deducting the expenses of sale (if any) attributable to the sale of the Rights Shares that would otherwise have been allotted to the Non-Qualifying Shareholders shall be distributed pro rata to their shareholdings as at the Record Date (but rounded down to the nearest cent) to the Non-Qualifying Shareholders provided that individual amounts of HK\$100 or less shall be retained by the Company for its own benefit. Any of such nil-paid rights which are not sold as aforesaid will be dealt with in accordance with the Underwriting Agreement.

Overseas Shareholders should note that they may or may not be entitled to the Rights Issue. Accordingly, Overseas Shareholders should exercise caution when dealing in the securities of the Company.

Application for excess Rights Shares

Qualifying Shareholders shall be entitled to apply for (i) Rights Shares representing the entitlement of the Non-Qualifying Shareholders which cannot be sold at a net premium; (ii) any Rights Shares provisionally allotted but not taken up by the Qualifying Shareholders; and (iii) any unsold Rights Shares arising out of the aggregation of fractional entitlements.

Application for excess Rights Shares can be made by completing the EAF (in accordance with the instructions printed therein) and lodging the same with a separate remittance for the excess Rights Shares being applied for with the Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by no later than 4:00 p.m. on Wednesday, 9 May 2018.

The Board will allocate the excess Rights Shares to the Qualifying Shareholders who have applied for excess application on a pro rata basis on the excess Rights Shares applied by them, without involving allocation of any fractional Rights Share. The Directors will allocate the excess Rights Shares at their discretion on a fair and equitable basis on the following principles:

- (i) no preference will be given to applications made for topping odd lot holdings to whole board lot holdings as the giving of such preference may potentially be abused by certain investors by splitting their Shares and thereby receiving more Rights Shares than they would receive if such preference is not given, which is an unintended and undesirable result; and

- (ii) subject to the availability of excess Rights Shares, the excess Rights Shares will be allocated to the Qualifying Shareholders who have applied for the excess application on a pro rata basis on the excess Rights Shares applied for by them.

Any Rights Shares not applied for by the Qualifying Shareholders and not taken up by excess applications will be taken up by the Underwriters pursuant to the terms and conditions of the Underwriting Agreement.

Investors with their Shares held by a nominee (or which are held in CCASS) should note that the Board will consider the nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company. Accordingly, such Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to the relevant beneficial owners individually.

Shareholders with Shares held by a nominee (or which are held in CCASS) are advised to consider whether they would like to arrange for the registration of their relevant Shares under the names of the beneficial owners prior to the Record Date for the purpose of the Rights Issue. Shareholders and investors should consult their professional advisers if they are in doubt as to their status.

For investors whose Shares are held by a nominee (or CCASS) and would like to have their names registered on the register of members of the Company, they must lodge all necessary documents with the Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for completion of the relevant Registration no later than 4:30 p.m. on Monday, 16 April 2018.

Fractions of Rights Shares

The Company will not provisionally allot fractions of Rights Shares in nil-paid form to the Qualifying Shareholders. All fractions of Rights Shares will be aggregated (and rounded down to the nearest whole number) and all nil-paid Rights Shares arising from such aggregation will be sold in the market for the benefit of the Company if a premium (net of expenses) can be obtained. Any unsold aggregated fractions of Rights Shares will be made available for excess application by the Qualifying Shareholders under the EAF(s).

Share certificates for the Rights Shares and refund cheques for the Rights Issue

Subject to the fulfillment of the conditions of the Rights Issue as set out in the section headed "UNDERWRITING AGREEMENT AND IRREVOCABLE UNDERTAKINGS — Conditions of the Rights Issue", share certificates for all fully-paid Rights Shares and refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Share (if any) are expected to be posted

on or before Tuesday, 15 May 2018 by ordinary post to those entitled thereto at their own risk. If the Underwriting Agreement is terminated, refund cheques will be despatched by ordinary post to the applicants at their own risk on or before Tuesday, 15 May 2018.

Application for listing of the Rights Shares

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully paid forms on the Stock Exchange. Both nil-paid Rights Shares and fully-paid Rights Shares will be traded in board lots of 4,000.

Save for the listing of the Shares on the Stock Exchange, no part of the securities of the Company is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought on any other stock exchange.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement dates of dealings in Rights Shares in both their nil-paid and fully paid forms on the Stock Exchange or such other date as may be determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

All necessary arrangements will be made to enable the Rights Shares in both their nil-paid and fully-paid forms to be admitted into CCASS.

Dealings in the Rights Shares in both their nil-paid and fully paid forms, which are registered in the branch register of members of the Company in Hong Kong, will be subject to the payment of stamp duty, Stock Exchange trading fee, the Securities and Futures Commission transaction levy, and any other applicable fees and charges in Hong Kong.

UNDERWRITING AGREEMENT AND IRREVOCABLE UNDERTAKINGS

The Underwriting Agreement

Date	: 16 March 2018
Issuer	: The Company
Underwriters	: Mr. LEE Yin Yee, B.B.S., Mr. TUNG Ching Bor, Mr. TUNG Ching Sai, Mr. LEE Sing Din, Mr. LI Ching Leung, Mr. LI Ching Wai, Mr. LI Man Yin, Mr. NG Ngan Ho and Mr. SZE Nang Sze
Number of Underwritten Shares	: 33,927,671 Rights Shares (assuming there is no change in the issued share capital of the Company from the date of this announcement up to the Record Date)
Subscription Price	: HK\$1.85 per Rights Share
Underwriting commission	: No underwriting commission is payable to the Underwriters

As at the date of this announcement, (i) the Underwriters (together with their respective associates) and Full Guang, are interested in aggregate 374,171,378 Shares, representing approximately 69.28% of the existing issued share capital of the Company; (ii) Mr. TUNG Ching Sai, is a non-executive Director and, together with his associates, is interested in an aggregate of 111,680,821 Shares (representing approximately 20.68% of the existing issued share capital of the Company); and (iii) Mr. LEE Shing Kan is the son of Mr. LEE Yin Yee, B.B.S., being one of the Underwriters. As such, each of the Underwriters is a connected person of the Company and the transaction contemplated under the Underwriting Agreement constitute a connected transaction of the Company under Chapter 20 of the GEM Listing Rules.

Pursuant to Rule 20.90(2) of the GEM Listing Rules, as the Company has made arrangements for the Qualifying Shareholders to apply for the Rights Shares in excess of their entitlements under the Rights Shares in compliance with Rule 10.31(1) of the GEM Listing Rules, the Underwriting Agreement is exempted from the reporting, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

Conditions of the Rights Issue

The obligations of the Underwriters under the Underwriting Agreement are conditional on the following, none of which can be waived, whether in whole or in part:

- (i) the registration of the Prospectus Documents (with all the documents required to be attached thereto by Section 342C of the Companies (WUMP) Ordinance) (all having been duly authorised for registration by the Stock Exchange and signed by or on behalf of all Directors) by the Registrar of Companies in Hong Kong in compliance with the Companies (WUMP) Ordinance by no later than the Prospectus Posting Date;
- (ii) the posting of the Prospectus Documents to the Qualifying Shareholders on or before the Prospectus Posting Date;
- (iii) all necessary approvals, permits, waivers, consents and authorisations having been obtained for the provisional allotment and allotment of the Rights Shares as well as for the Rights Issue generally;
- (iv) the Stock Exchange having granted (subject only to provisional allotment and/or allotment of the Rights Shares, the posting of the Prospectus and despatch of certificates in respect of the Rights Shares and any other matters which are agreed between the Company and the Underwriters) the listing of and permission to deal in the Rights Shares (both nil-paid and fully-paid) on the Stock Exchange, in each case by no later than the Prospectus Posting Date and such listing and permission to deal not being revoked prior to the Latest Time for Termination;
- (v) the Underwriting Agreement not being terminated by the Underwriters pursuant to its terms prior to the latest time for termination;
- (vi) none of the undertakings and obligations of the Company under the Underwriting Agreement having been breached; and
- (vii) the warranties given by the Company under the Underwriting Agreement remaining true, accurate and not misleading in all material respects.

If any of the above conditions are not fulfilled at or before 4:00 p.m. on Saturday, 12 May 2018, or shall become incapable of being fulfilled on or before such time or date, the Underwriting Agreement may be terminated by the Underwriter by written notice to the Company, and no party to the Underwriting Agreement shall have any claim against any other party thereto for compensation, costs, damages or otherwise.

Termination of the Underwriting Agreement

If at any time between the date of the Underwriting Agreement and 4:00 p.m. on the third day after the Final Acceptance Date, one or more of the following events or matters (whether or not forming part of a series of events) shall occur, arise, or exist:

- (i) the Underwriters shall become aware of the fact that, or shall have reasonable cause to believe that, any of the warranties given by the Company under the Underwriting Agreement was untrue, inaccurate, misleading or breached, and in each case the same is (in the reasonable joint opinions of the Underwriters) material in the context of the Rights Issue; or
- (ii)
 - a. any new law or regulation is enacted, or there is any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority, whether in Hong Kong or elsewhere;
 - b. there is any change in local, national or international financial, political, industrial or economic conditions;
 - c. there is any change of an exceptional nature in local, national or international equity securities or currency markets;
 - d. there is any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange;
 - e. there is any suspension in the trading of the Shares on the Stock Exchange for a continuous period of ten (10) Business Days or more;
 - f. there is any change or development involving a prospective change in taxation or exchange controls in Hong Kong or elsewhere which will or may materially and adversely affect the Group or a material proportion of the Shareholders in their capacity as such,

which event or events is or are in the reasonable opinion of the Underwriters:

- 1. likely to have a material adverse effect on the business or financial or trading position or prospects of the Group taken as a whole; or
- 2. likely to have a material adverse effect on the success of the Rights Issue or the level of Rights Shares to be taken up; or

3. so material as to make it inappropriate, inadvisable or inexpedient to proceed further with the Rights Issue; or
4. there is a breach by the Company of the Underwriting Agreement,

then the Underwriters may, in addition to and without prejudice to any other remedies to which the Underwriters may be entitled, by notice in writing to the Company terminate the Underwriting Agreement forthwith.

If the Underwriters exercise such right of termination, the Underwriting Agreement will not become unconditional and the Rights Issue will not proceed. Further announcement will be made if the Underwriting Agreement is terminated by the Underwriters.

IRREVOCABLE UNDERTAKING

As at the date of this announcement, the Underwriters collectively (together with their respective associates) are interested in 374,171,378 Shares (representing approximately 69.28% of the Company's entire issued share capital as at the date of this announcement), of which 3,696,750 Shares (representing approximately 0.68% of the Company's entire issued share capital) are held through Full Guang, a company jointly owned by the Underwriters.

Pursuant to the Irrevocable Undertakings, the Underwriters have irrevocably undertaken to the Company (i) to accept or to procure their respective associates to accept their respective assured entitlements to the Rights Shares under the Rights Issue in full (with the exception of the 3,696,750 Shares held through Full Guang, which is in turn jointly owned by the Underwriters); and (ii) the 370,474,628 Shares held by them in aggregate either directly or indirectly (excluding the 3,696,750 Shares held through Full Guang), representing approximately 68.59% of the Company's entire issued share capital as at the date of this announcement, will remain so held by them from the date of the Irrevocable Undertakings to the Record Date. The Underwriters have also undertaken that they will not, and procure their respective associates that they will not, without first having obtained prior written consent of the Company:

- (i) transfer or otherwise dispose of (including without limitation the agreement to dispose of, or the creation of any option or derivative) or acquire any Share (with the exception of the 3,696,750 shares held through Full Guang)) or any interest therein between the date of the Irrevocable Undertakings and the Record Date; or
- (ii) transfer or otherwise dispose of (including without limitation the agreement to dispose of, or the creation of any option or derivative) or acquire (except the acceptance of and procuring the acceptance of their respective assured

entitlements to the Rights Shares under the Rights Issue pursuant to the Irrevocable Undertakings or pursuant to the Underwriting Agreement) any Share (with the exception of the 3,696,750 Shares held through Full Guang) or any interest therein between the Record Date and the Final Acceptance Date.

The Company would like to clarify that Full Guang is not part of the Irrevocable Undertakings because, as a separate investment entity with a business investment portfolio on its own, Full Guang will consider its own operational and financial conditions and the general market conditions before making a decision on the Rights Issue. The Directors have confirmed that there is nothing in relation to Full Guang that otherwise ought to be brought to the attention of the Shareholders and Stock Exchange.

SHAREHOLDING STRUCTURE OF THE COMPANY

The table below sets out the shareholding structure of the Company from the date of this announcement to immediately after the completion of the Rights Issue (assuming that there is no change in the shareholding structure of the Company from the date of this announcement to immediately after completion of the Rights Issue):

	As at the date of this announcement		Immediately after completion of the Rights Issue (assuming all Shareholders take up their respective assured entitlements to the Rights Shares in full)		Immediately after completion of the Rights Issue assuming no Shareholders (other than the Underwriters and their respective associates (except Full Guang) taking up 74,094,921 Shares pursuant to the Irrevocable Undertakings) takes up any of the Underwritten Shares and all Underwritten Shares are taken up by the Underwriters	
	<i>Number of Shares held</i>	<i>%</i>	<i>Number of Shares held</i>	<i>%</i>	<i>Number of Shares held</i>	<i>%</i>
Underwriters and their respective associates (other than Full Guang) (note 1)	370,474,628	68.59	444,569,554	68.59	478,497,220	73.83
Full Guang (note 2)	3,696,750	0.68	4,436,100	0.68	3,696,750	0.57
Subtotal of Underwriters and their respective associates	374,171,378	69.28	449,005,654	69.28	482,193,970	74.40
Public Shareholders	<u>165,941,584.38</u>	<u>30.72</u>	<u>199,129,900.38</u>	<u>30.72</u>	<u>165,941,584.38</u>	<u>25.60</u>
TOTAL	<u>540,112,962.38</u>	<u>100</u>	<u>648,135,554.38</u>	<u>100</u>	<u>648,135,554.38</u>	<u>100</u>

Notes:

- (1) Pursuant to the shareholders' agreement entered amongst the Underwriters, each of the Underwriters 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 (as defined in the prospectus issued by the Company on 28 June 2016).
- (2) 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%.
- (3) Certain percentage figures included in the above table have been subject to rounding adjustments. Any figures shown may not be an arithmetic aggregate of the figures preceding them.

REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

The Group is principally engaged in the provision of installation of automobile glass products in Hong Kong and the production and sale of lithium battery related production, the trading of forklifts, the provision of wind farm management services and investment and development in wind farm projects in the PRC.

Reasons for the Rights Issue

The Board is of the view that the Rights Issue will enable the Group to strengthen its capital base and improve its financial position. Despite the inherent dilutive nature of the Rights Issue in general if the Qualifying Shareholders do not take up their entitlements under the Rights Issue in full, it is the intention of the Company to set the Subscription Price at a discount to the current market price of the Shares in order to encourage the Shareholders to participate in the Rights Issue. Furthermore, the Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding in the Company and participate in the growth and development of the Group. Accordingly, the Directors are of the view that fund raising through the Rights Issue is in the interests of the Company and the Shareholders as a whole.

The Board considers it is prudent to finance the Group's growth by equity financing, which will not increase the Group's finance costs and financial burden. The Board has considered other fund raising alternatives, including but not limited to debt financing, placing and open offer. Debt financing will result in interest burden and subject the Group to repayment obligations. In addition, debt financing may not be achievable on favourable terms in a timely manner. Placing or subscription of new Shares would dilute the shareholding of the existing Shareholders without giving the chance for the existing Shareholders to participate and the funds to be raised by

placing of new Shares under a general mandate would likely be less than that of the Rights Issue. Having considered the above, the Directors are of the view that the Rights Issue, which has nil-paid rights as compared to open offer, is a suitable method for fund raising by the Company under current circumstances.

In view of the above and taking into account the intended use of proceeds as set out below, the Board considered that raising funds by way of the Rights Issue is beneficial to the Company and its Shareholders as a whole.

Use of proceeds

The gross proceeds of the Rights Issue will be approximately HK\$199.84 million (assuming there is no change in the issued share capital of the Company from the date of this announcement up to the Record Date). The net proceeds from the Rights issue, after deducting the estimated expenses in relation to the Rights Issue, are estimated to be approximately HK\$198.89 million.

The Company seeks to conduct the Rights Issue to raise proceeds mainly for:

- a. As to HK\$135.4 million, representing approximately 68.09% of the net proceeds will be used to set-up new production lines for lithium batteries business for the Group with expected annual production capacity of about 1 billion watt-hours. Since the completion of the Group's first lithium battery production lines set-up in 2017, the Group has recorded substantial increase in the revenue and profit contribution of its lithium battery related business and the corresponding forklift trading business. The Directors, as such, consider that the setting up of new production lines is important to the sustainable growth of the Group in the future.
- b. As to HK\$24.7 million, representing approximately 12.41% of the net proceeds will be used to repay the outstanding capital expenditure of the existing lithium battery production facilities.
- c. The remaining HK\$38.8 million, representing approximately 19.50% of the net proceeds will be used as general working capital.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company has not conducted any other equity fund raising activities in the past twelve months immediately preceding the date of this announcement.

EXPECTED TIMETABLE

The expected timetable for the Rights Issue set out below is indicative only and is subject to change by agreement between the Company and the Underwriters. Any consequential change will be announced in a separate announcement by the Company as and when appropriate. All dates and times specified in this announcement refer to Hong Kong local dates and times.

2018

Last day of dealings in the Shares on a cum-rights basis	Thursday, 12 April 2018
First day of dealings in the Shares on an ex-rights basis	Friday, 13 April 2018
Latest time for lodging transfers of Shares in order to qualify for the Rights Issue	4:30 p.m. on Monday, 16 April 2018
Closure of register of members of the Company to determine the entitlements of the Qualifying Shareholders to the Rights Issue (both dates inclusive)	Tuesday, 17 April 2018 to Monday, 23 April 2018
Record date for the Rights Issue	Monday, 23 April 2018
Register of members of the Company re-opens	Tuesday, 24 April 2018
Despatch of the Prospectus Documents	Tuesday, 24 April 2018
First day of dealings in nil-paid Rights Shares	9:00 a.m. on Thursday, 26 April 2018
Latest time for splitting nil-paid Rights Shares	4:30 p.m. on Monday, 30 April 2018
Last day of dealings in nil-paid Rights Shares	4.00 p.m. on Friday, 4 May 2018

Latest time for acceptance of, application for
excess Rights Shares and payment for the
Rights Shares 4:00 p.m. on
Wednesday, 9 May 2018

Latest time for the termination of the
Underwriting Agreement and for the Rights
Issue to become unconditional..... 4:00 p.m. on
Saturday, 12 May 2018

Announcement of the allotment results of the
Rights Issue Monday, 14 May 2018

Despatch of share certificates for fully-paid
Rights Shares and refund cheques in relation to
wholly or partially unsuccessful applications
for excess Rights Shares Tuesday, 15 May 2018

First day of dealings in fully-paid Rights Shares 9:00 a.m. on
Wednesday, 16 May 2018

IMPLICATIONS UNDER THE GEM LISTING RULES

As at the date of this announcement, (i) the Underwriters (together with their respective associates) and Full Guang, is interested in aggregate 374,171,378 Shares, representing approximately 69.28% of the existing issued share capital of the Company; (ii) Mr. TUNG Ching Sai, is a non-executive Director and, together with his spouse and his wholly-owned subsidiary, is interested in an aggregate of 111,680,821 Shares (representing approximately 20.68% of the existing issued share capital of the Company); and (iii) Mr. LEE Shing Kan is the son of Mr. LEE Yin Yee, B.B.S., being one of the Underwriters. As such, each of the Underwriters is a connected person of the Company and the transaction contemplated under the Underwriting Agreement constitute a connected transaction of the Company under Chapter 20 of the GEM Listing Rules.

Pursuant to Rule 20.90(2) of the GEM Listing Rules, as the Company has made arrangements for the Qualifying Shareholders to apply for the Rights Shares in excess of their entitlements under the Rights Shares in compliance with Rule 10.31(1) of the GEM Listing Rules, the Underwriting Agreement is exempted from the reporting, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

Since the Rights Issue would not increase the issued share capital or the market capitalization of the Company by more than 50%, the Rights Issue is not required to be conditional on approval by the Shareholders under Rule 10.29 of the GEM Listing Rules.

GENERAL

Subject to the fulfillment of certain conditions of the Rights Issue, the Company will despatch the Prospectus Documents containing, among other matters, details of the Rights Issue to the Qualifying Shareholders. The Company will despatch the Prospectus to the Non-Qualifying Shareholders for their information only but the Company will not send the PAL and the EAF to the Non-Qualifying Shareholders.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE NIL-PAID RIGHTS SHARES

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among others, the Underwriting Agreement having become unconditional and the Underwriters not having terminated the Underwriting Agreement in accordance with the terms thereof.

Accordingly, the Rights Issue may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares and if they are in any doubt about their position, they should consult their professional advisers.

Shareholders should note that the Shares will be dealt in on an ex-rights basis commencing from Friday, 13 April 2018 and that dealings in the Rights Shares in the nil-paid form will take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled.

Any shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (which is expected to be no later than 4:00 p.m. on Saturday, 12 May 2018) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholder or other person contemplating selling or purchasing any Shares and/or nil-paid Rights Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional adviser.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“associate(s)”	the meaning ascribed to it in the GEM Listing Rules
“board”	board of directors of the Company
“business day”	a day (excluding Saturday, Sunday, public holiday and any day on which a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company”	Xinyi Automobile Glass Hong Kong Enterprises Limited (信義汽車玻璃香港企業有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the GEM (stock code: 8328)
“connected person(s)”	the meaning ascribed to it under the GEM Listing Rules
“controlling shareholder(s)”	the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“EAF(s)”	the form of application for use by the Qualifying Shareholders who wish to apply for excess Rights Shares

“Final Acceptance Date”	the last date for acceptance and payment in respect of provisional allotments under the Rights Issue and for application and payment for excess Rights Shares, which is currently scheduled to be on Wednesday, 9 May 2018 or such later date as the Company and the Underwriters may agree
“Full Guang”	Full Guang Holdings Limited, a company jointly held by the Underwriters
“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	The Rules Governing the Listing of Securities on the GEM
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Irrevocable Undertakings”	the irrevocable and unconditional undertaking given by each of Underwriters in favour of the Company, pursuant to which, the Underwriters have irrevocably undertaken to the Company, among others, that they will subscribe, and will procure their respective associates (other than Full Guang) to subscribe, an aggregate of 74,094,921 Rights Shares which will be provisionally allotted to them as holders of 370,474,628 existing Shares (with the exception of the 3,696,750 Shares held through Full Guang, which is in turn jointly owned by the Underwriters)
“Last Trading Day”	16 March 2018, being the date of this announcement

“Latest Time for Acceptance”	4:00 p.m. on Wednesday, 9 May 2018 or such later time as may be agreed between the Company and the Underwriters, being the latest time for the application and payment for the Rights Shares and the application and payment for the excess Rights Shares and if there is a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong on such day (i) at any time before 12:00 noon and no longer in force after 12:00 noon, the Latest Time for Acceptance will be extended to 5:00 p.m. on the same business day; and (ii) at any time between 12:00 noon and 4:00 p.m., the Latest Time for Acceptance will be extended to the next business day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.
“Latest Time for Termination”	4:00 p.m. on the third day after the Latest Time for Acceptance or such later time or date as may be agreed between the Company and the Underwriters
“Non-Qualifying Shareholder(s)”	the Overseas Shareholder(s), to whom the Directors, based on legal advices and on account either of legal restrictions under the laws of relevant place or the requirements of the relevant regulatory body or stock exchange in that place, consider it necessary or expedient not to offer the Rights Shares
“Overseas Shareholders”	the Shareholder(s) whose name(s) appear(s) on the register of members of the Company on the Record Date and whose registered address(es) on that date is/are outside Hong Kong
“PAL(s)” or “Provisional Allotment Letter(s)”	the provisional allotment letter(s) in respect of the Rights Issue to be issued to the Qualifying Shareholders
“PRC”	the People’s Republic of China which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan

“Prospectus”	the Rights Issue prospectus in the agreed form expected to be despatched to the Shareholders on the Prospectus Posting Date
“Prospectus Documents”	together, the Prospectus, the PAL and the EAF
“Prospectus Posting Date”	Tuesday, 24 April 2018, or such other date as the Underwriters may agree in writing with the Company, being the date of despatch of the Prospectus Documents by the Company to the Qualifying Shareholders
“Qualifying Shareholders”	Shareholders whose names appear on the register of members of the Company on the Record Date, other than the Non-Qualifying Shareholders
“Record Date”	Monday, 23 April 2018 or such other date as may be agreed between the Company and the Underwriters, being the date by reference to which entitlements under the Rights Issue will be determined
“Registrar”	Computershare Hong Kong Investor Services Limited, being the branch share registrar and transfer office of the Company in Hong Kong
“Rights Issue”	the proposed issue of the Rights Shares by the Company on the basis of one (1) Rights Share for every five (5) Shares in issue held on the Record Date at the Subscription Price pursuant to the Prospectus Documents and as contemplated under the Underwriting Agreement
“Rights Shares”	108,022,592 Rights Shares (assuming there is no change in the issued share capital of the Company from the date of this announcement up to the Record Date)
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subscription Price”	HK\$1.85 per Rights Share
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Underwritten Shares”	means the Rights Shares (other than the Rights Shares committed by the Underwriters) underwritten by the Underwriters pursuant to the terms of the Underwriting Agreement, and the total number of which is 33,927,671 Rights Shares (assuming there is no change in the issued share capital of the Company from the date of this announcement up to the Record Date)
“Underwriters”	each of LEE Yin Yee, TUNG Ching Bor, TUNG Ching Sai, LEE Sing Din, LI Ching Leung, LI Ching Wai, LI Man Yin, NG Ngan Ho and SZE Nang Sze
“Underwriting Agreement”	the underwriting agreement dated 16 March 2018 entered into between the Company and the Underwriters in relation to the underwriting arrangement of the Rights Issue
“%”	per cent.

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

Hong Kong, 16 March 2018

As at the date of this announcement, the Board comprises two executive directors namely Ms. LI Pik Yung and Mr. CHAN Chi Leung, two non-executive directors, namely Mr. TUNG Ching Sai (Chairman) and Mr. LEE Shing Kan, and three independent non-executive Directors, namely Mr. WANG Guisheng, Mr. NG Wai Hung and Mr. CHAN Hak Kan, B.B.S., JP.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain at the “Latest Company Announcements page of the GEM website at www.hkgem.com for at least seven days from the date of its posting and on the website of the Company at www.xyglass.com.hk.