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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)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

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 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.

*This announcement, 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 of the Stock Exchange (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 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.*

The Board is pleased to present the unaudited condensed consolidated results of the Group for the nine months ended 30 September 2019 together with the comparative unaudited figures for the nine months ended 30 September 2018, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2019

		Three months ended 30 September		Nine months ended 30 September	
		2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Unaudited)
	<i>Notes</i>				
Revenue	2	46,893	49,862	133,615	127,312
Cost of revenue		(34,474)	(39,263)	(99,607)	(91,199)
Gross profit		12,419	10,599	34,008	36,113
Other income	3	1,562	2,994	3,799	6,463
Other gains/(losses), net	3	207	27,815	(990)	27,790
Selling and marketing costs		(1,312)	(1,987)	(3,627)	(5,788)
Administrative expenses		(6,136)	(7,958)	(19,235)	(21,183)
Operating profit		6,740	31,463	13,955	43,395
Finance income		934	713	3,067	986
Finance costs		—	(75)	—	(531)
Profit before income tax		7,674	32,101	17,022	43,850
Income tax expense	4	(926)	(3,647)	(1,731)	(6,621)
Profit for the period		6,748	28,454	15,291	37,229
Other comprehensive income:					
<i>Item that may be subsequently reclassified to profit or loss:</i>					
Currency translation differences		(8,416)	(7,993)	(8,989)	(11,275)
Total comprehensive income attributable to owners of the Company		(1,668)	20,461	6,302	25,954
Basic and diluted earnings per share (HK cents)	6	1.83	4.39	2.36	6.26

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2019

					Financial asset at fair value through other comprehensive				
	Share capital HK\$'000	Share premium HK\$'000	Capital reserves HK\$'000	Share option reserves HK\$'000	Exchange reserves HK\$'000	income reserves HK\$'000	Statutory reserves HK\$'000	Retained profit HK\$'000	Total HK\$'000
Balance at 1 January 2019									
(Audited)	6,481	233,987	13,587	3,058	(5,259)	9,939	6,616	108,065	376,474
Comprehensive income									
Profit for the period	—	—	—	—	—	—	—	15,291	15,291
Other comprehensive income	—	—	—	—	(8,989)	—	—	—	(8,989)
Total comprehensive income	—	—	—	—	(8,989)	—	—	15,291	6,302
Transactions with owners									
Employee's share option scheme:									
– Value of employee services	—	—	—	103	—	—	—	—	103
Balance at 30 September 2019									
(Unaudited)	<u>6,481</u>	<u>233,987</u>	<u>13,587</u>	<u>3,161</u>	<u>(14,248)</u>	<u>9,939</u>	<u>6,616</u>	<u>123,356</u>	<u>382,879</u>
Balance at 1 January 2018									
(Audited)	5,401	36,175	13,587	2,951	5,529	4,178	615	54,970	123,406
Comprehensive income									
Profit for the period	—	—	—	—	—	—	—	37,229	37,229
Other comprehensive income	—	—	—	—	(11,275)	—	—	—	(11,275)
Total comprehensive income	—	—	—	—	(11,275)	—	—	37,229	25,954
Transactions with owners									
Issuance of share, net of transaction costs	1,080	197,812	—	—	—	—	—	—	198,892
Employee's share option scheme:									
– Value of employee services	—	—	—	72	—	—	—	—	72
Balance at 30 September 2018									
(Unaudited)	<u>6,481</u>	<u>233,987</u>	<u>13,587</u>	<u>3,023</u>	<u>(5,746)</u>	<u>4,178</u>	<u>615</u>	<u>92,199</u>	<u>348,324</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated financial information is presented in Hong Kong dollars (“HK\$”) which is the same as the functional currency of the Company.

New accounting policy adopted by the Group during the nine months ended 30 September 2019

Except for the adoption of the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which are effective for the Group’s financial year beginning on 1 January 2019, the accounting policies applied in preparing this unaudited condensed consolidated financial information for the nine months ended 30 September 2019 are consistent with those of the annual financial statements for the year ended 31 December 2018, which have been prepared in accordance with HKFRSs. The unaudited condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2018.

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.

2. 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		Nine months ended	
	30 September		30 September	
	2019	2018	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Battery pack and				
energy storage system	20,384	14,958	53,974	59,866
Production and sales of				
lithium battery products	9,079	11,793	24,459	13,828
Sales of automobile glass with				
installation and repairing services	13,705	15,873	38,618	42,364
Other	3,725	7,238	16,564	11,254
	46,893	49,862	133,615	127,312

3. OTHER INCOME AND OTHER GAINS/(LOSSES), NET

	Three months ended		Nine months ended	
	30 September		30 September	
	2019	2018	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Other income				
Government grant	1,570	2,980	3,642	6,449
Others	(8)	14	157	14
	<u>1,562</u>	<u>2,994</u>	<u>3,799</u>	<u>6,463</u>
Other gains/(losses), net				
Net gains on disposal of old facilities, scraps or plant and equipment	182	27,817	182	27,810
Exchange losses	25	(2)	(1,172)	(20)
	<u>207</u>	<u>27,815</u>	<u>(990)</u>	<u>27,790</u>

4. INCOME TAX EXPENSE

	Three months ended		Nine months ended	
	30 September		30 September	
	2019	2018	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current income tax				
– Hong Kong profits tax (Note(a))	306	680	464	1,608
– PRC corporate income tax (“CIT”) (Note (b))	620	2,967	1,267	5,013
	<u>926</u>	<u>3,647</u>	<u>1,731</u>	<u>6,621</u>

Notes:

- (a) Hong Kong profits tax has been provided for at the two-tiered rate of 8.25% for the first HK\$2 million of the estimated assessable profits for one of the Group’s Hong Kong subsidiaries for the period and 16.5% on the remaining estimated assessable profits for the period.
- (b) CIT is provided on the estimated taxable profits of the subsidiaries established in the PRC for the period, calculated in accordance with the relevant tax rules and regulations.

One of the PRC subsidiaries, being qualified as a New and High Technology Enterprise since the fourth quarter of 2018, is entitled to a preferential CIT rate of 15% during this period.

5. DIVIDENDS

The Board does not recommend the payment of dividend for the nine months ended 30 September 2019 (2018: 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 nine months ended 30 September 2019 and 2018.

	Three months ended		Nine months ended	
	30 September		30 September	
	2019	2018	2019	2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company (HK\$'000)	6,748	28,454	15,291	37,229
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share ('000)	<u>648,136</u>	<u>648,136</u>	<u>648,136</u>	<u>595,113</u>

The diluted earnings per share for the respective periods are the same as the basic earnings per share as there were no dilutive potential shares.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

Vehicle Glass Repairs and Replacement Business

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

Driven by the strategy to enhance the business relationship with insurance companies, the Group has entered into one additional cooperation agreement with an insurance company in Hong Kong during the nine months ended 30 September 2019 for the provision of vehicle glass repairing service to the cars under its insurance coverage.

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

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

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

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

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

New Energy - Wind Power Business

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

FINANCIAL REVIEW

Revenue

For the nine months ended 30 September 2019, the Group's revenue was HK\$133.6 million (2018: HK\$127.3 million), representing an increase by 5.0% mainly attributable to the increase in revenue contributed by business activities of sales of new energy products and electric forklifts. The following sets forth an analysis of the revenue of the Group:

	Nine months ended 30 September					
	2019		2018		Increase/(Decrease)	
	HK\$'million	%	HK\$'million	%	HK\$'million	%
Battery pack and energy storage system	53.9	42.9	59.9	47.0	(5.9)	-9.8
Production and sales of						
lithium battery products	24.5	15.8	13.8	10.9	10.6	76.9
Sale of automobile glass with installation						
and repairing services	38.6	28.9	42.4	33.3	(3.7)	-8.8
Other	16.6	12.4	11.2	8.8	5.3	47.2
Total revenue	<u>133.6</u>	<u>100</u>	<u>127.3</u>	<u>100</u>	<u>6.3</u>	<u>5.0</u>

Cost of Revenue

Cost of revenue comprised of HK\$35.7 million (2018: HK\$41.6 million) arising from the battery pack and energy storage system business, HK\$24.2 million (2018: HK\$13.6 million) arising from lithium battery products business, HK\$27.9 million (2018: HK\$27.2 million) arising from the sales of automobile glass with installation and repair services business, and HK\$11.9 million (2018: HK\$8.7 million) arising from others (trading of forklifts and wind farm related business).

Cost of revenue for the battery pack and energy storage system business of HK\$35.7 million (2018: HK\$41.6 million) and cost of revenue of lithium battery products business of HK\$24.2 million (2018: HK\$13.6 million) mainly represent the material cost, labour cost, depreciation expenses of the plant and machinery.

Cost of revenue arising from sales of automobile glass with installation and repair services increased by approximately 2.3% from HK\$27.2 million for the nine months ended 30 September 2018 to approximately HK\$27.9 million for current period. The gross profit decreased by 29.0% from approximately HK\$15.1 million for the nine months ended 30 September 2018 to approximately HK\$10.7 million for current period. The increase in cost of revenue was because the rental and the other overhead expenses (including labour costs) increased.

Cost of revenue of others mainly comprise of the purchase cost of forklifts and the staff costs for the wind farm related business.

Other income and gains

Other income and gains includes mainly the government grant and the gains from disposal of certain scrap or recyclable materials arising from the operation of our existing lithium battery production plant as well as from the site preparation of the lithium battery production plant under construction in 2018.

Expenses

Selling and marketing costs for the period decreased by approximately HK\$2.2 million which was mainly due to decrease in employee benefit expenses and advertisement costs for the relevant activities.

Administrative expenses decreased by approximately HK\$2.0 million from HK\$21.2 million for the nine months ended 30 September 2018 to approximately HK\$19.2 million for the nine months ended 30 September 2019, primarily due to the decrease in research and development costs and legal and professional fee.

Profit attributable to owners of the Company

Profit attributable to owners of the Company for the nine months ended 30 September 2019 amounted to HK\$15.3 million (2018: HK\$37.2 million). The decrease in the profitability was mainly attributable to the operating performance of the Group as analysed above.

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

As of 30 September 2019, the interests of the Directors and their associates in the shares, underlying shares and debentures of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance, or as otherwise notified to the Company and the Stock Exchange pursuant to the model code for securities transactions by Directors of the Company (the “**Model Code**”), were as follows:

(i) Long positions in the Shares of the Company

Director/ Chief executive	Capacity	Name of the controlled corporations	Number of issued shares held	Percentage of the issued share capital of the Company (%)
Tan Sri Datuk TUNG Ching Sai <i>P.S.M, D.M.S.M</i>	Interest in a controlled corporation	Copark ⁽¹⁾ (as defined below)	37,039,885	5.71
		Full Guang ⁽³⁾ (as defined below)	4,436,100	0.68
	Personal interest/ Spouse interest ⁽¹⁾		96,977,100	14.96
	Interest in persons acting in concert ⁽²⁾		449,005,649	69.28
Mr. NG Ngan Ho	Interest in a controlled corporation	Linkall ⁽⁴⁾ (as defined below)	11,798,086	1.82
		Full Guang ⁽³⁾ (as defined below)	4,436,100	0.68
	Personal interest		1,110,000	0.17
	Interest in persons acting in concert ⁽²⁾		449,005,649	69.28

Notes:

- (1) Tan Sri Datuk TUNG Ching Sai *P.S.M, D.M.S.M* 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 Tan Sri Datuk TUNG Ching Sai *P.S.M, D.M.S.M*, which is the registered owner of 37,039,885 Shares. Tan Sri Datuk TUNG Ching Sai *P.S.M, D.M.S.M* also has personal interest in 436,200 Shares held in his own name and 96,540,900 Shares held through his spouse, Madam SZE Tan Hung.
- (2) Pursuant to the shareholders’ agreement dated 25 June 2016 (the “**Shareholders’ Agreement**”), the parties have agreed to grant a right of first offer to the other parties to the agreement if they want to sell their Shares allotted to them under the Xinyi Glass Distribution (as defined in the Prospectus).
- (3) The interests in the Shares are held through Full Guang Holdings Limited (“**Full Guang**”), a company incorporated in the BVI with limited liability on 19 December 2005. Full Guang is owned by Dr. LEE Yin Yee, B.B.S. as to 33.98%, Mr. TUNG Ching Bor as to 16.20%, Tan Sri Datuk TUNG Ching Sai *P.S.M, D.M.S.M* 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%.
- (4) Mr. NG Ngan Ho is the beneficial owner of all the issued share capital of Linkall Investment Limited (“**Linkall**”), a company incorporated in the BVI and wholly-owned by Mr. NG Ngan Ho.

(ii) Share options of the Company

Director	Capacity	Number of	Percentage of the
		share options outstanding	issued share capital of the Company (%)
Ms. LI Pik Yung	Personal interest	129,088	0.02
Mr. CHAN Chi Leung	Personal interest	129,088	0.02

Save as disclosed above, as at 30 September 2019, to the knowledge of the Company, none of the Directors and chief executive of the Company had or was deemed to have any interests or short positions in any shares, debentures or underlying shares of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors, to be notified to the Company and the Stock Exchange.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings concerning securities transaction set forth in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries with all Directors, the Company was not aware of any non-compliance with such required standard of dealings and its code of conduct regarding securities transactions by directors during the nine months ended 30 September 2019.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

So far as is known to the Directors, as of 30 September 2019, 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 Shares of the Company

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

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

Notes:

- (1) The interests in the Shares are held through Full Guang. Full Guang is owned by Dr. LEE Yin Yee, B.B.S. as to 33.98%, Mr. TUNG Ching Bor as to 16.20%, Tan Sri Datuk TUNG Ching Sai *P.S.M, D.M.S.M* as to 16.20%, Mr. LEE Sing Din as to 11.85%, Mr. LI Ching Wai as to 5.56%, Mr. NG Ngan Ho as to 3.70%, Mr. LI Man Yin as to 3.70%, Mr. SZE Nang Sze as to 5.09% and Mr. LI Ching Leung as to 3.70%.
- (2) Pursuant to the Shareholders' Agreement entered amongst the Controlling Shareholders, each of the parties has agreed to grant a right of first offer to the other parties if any of them intends to sell their Shares allotted to them under the Xinyi Glass Distribution.
- (3) Dr. LEE Yin Yee, B.B.S.'s interests in 108,781,432 Shares are held through Realbest Investment Limited, a company incorporated in the BVI with limited liability and wholly-owned by Dr. LEE Yin Yee, B.B.S.. Dr. LEE Yin Yee, B.B.S.'s interests in 34,141,500 Shares are held through a joint account with his spouse, Madam TUNG Hai Chi.
- (4) Mr. TUNG Ching Bor's interests in 40,014,968 Shares are held through High Park Technology Limited, a company incorporated in the BVI with limited liability and wholly-owned by Mr. TUNG Ching Bor. Mr. TUNG Ching Bor's interests in 8,863,200 Shares are held through a joint account with his spouse, Madam KUNG Sau Wai.

- (5) Mr. LEE Sing Din's interest in Shares are held through Telerich Investment Limited, a company incorporated in the BVI with limited liability and wholly-owned by Mr. LEE Sing Din.
- (6) Mr. LI Ching Wai's interests in Shares are held through Goldbo International Limited, a company incorporated in the BVI with limited liability and wholly-owned by Mr. LI Ching Wai.
- (7) Mr. LI Man Yin's interests in 11,856,285 Shares are held through Perfect All Investments Limited, a company incorporated in the BVI with limited liability and wholly-owned by Mr. LI Man Yin. Mr. LI Man Yin's interests in 1,551,000 Shares are held through a joint account with his spouse, Madam LI Sau Suet.
- (8) Mr. SZE Nang Sze's interests in Shares are held through Goldpine Limited, a company incorporated in the BVI with limited liability and wholly-owned by Mr. SZE Nang Sze.
- (9) Mr. LI Ching Leung's interests in 11,678,085 Shares are held through Herosmart Holdings Limited, a company incorporated in the BVI with limited liability and wholly-owned by Mr. LI Ching Leung. Mr. LI Ching Leung has personal interests in 4,213,500 Shares held in his own name and 60,000 Shares held through his spouse, Madam DY Maria Lumin.

Save as disclosed above, as at 30 September 2019, 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. 567,000 share options were granted under the Scheme during the nine months ended 30 September 2019.

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

During the nine months ended 30 September 2019, neither the Company, nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

COMPETING BUSINESS

As far as the Directors are aware, during the nine months ended 30 September 2019, 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.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Board is committed to ensuring and upholding a high standard of corporate governance, transparency and business practices, which are fundamental to the success of the Group and protecting the overall interests of the Company and its shareholders.

The Company's corporate governance practices are based on the principles of the Corporate Governance Code (the "**CG Code**") as set forth in Appendix 15 to the GEM Listing Rules. During the nine months ended 30 September 2019, the Company had complied with the applicable code provisions set forth 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 comprises three independent non-executive Directors, namely Mr. WANG Guisheng, Mr. NG Wai Hung and Mr. CHAN Hak Kan, B.B.S, JP. Mr. WANG Guisheng is the chairman of the audit committee.

The unaudited condensed consolidated financial information of the Company for the nine months ended 30 September 2019 has been reviewed by the audit committee.

By order of the Board

Xinyi Automobile Glass Hong Kong Enterprises Limited

Tan Sri Datuk TUNG Ching Sai P.S.M, D.M.S.M

Chairman

Hong Kong, 8 November 2019

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

The announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and be posted on the website of the Company at www.xyglass.com.hk.