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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)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2020

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.

*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 aspects 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 three months ended 31 March 2020 together with the comparative unaudited figures for the three months ended 31 March 2019 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 31 March 2020

		Three months ended	
		31 March	
	<i>Notes</i>	2020	2019
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	<i>2</i>	29,563	40,393
Cost of revenue		(24,438)	(29,970)
Gross profit		5,125	10,423
Other income	<i>3</i>	523	806
Other losses, net	<i>3</i>	(30)	(1,076)
Selling and marketing costs		(861)	(1,043)
Administrative expenses		(5,427)	(5,834)
Operating (loss)/profit		(670)	3,276
Finance income		943	636
Finance costs		—	—
Profit before income tax		273	3,912
Income tax expense	<i>4</i>	(24)	(475)
Profit for the period		249	3,437
Other comprehensive income:			
<i>Item that may be subsequently reclassified to profit or loss:</i>			
Exchange difference on translation of financial statements of operations		(8,627)	4,726
Total comprehensive income for the period attributable to owners of the Company		(8,378)	8,163
Basic and diluted earnings per share (HK cents)	<i>6</i>	0.04	0.53

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2020

					Financial assets at fair value though other comprehensive				
	Share capital	Share premium	Capital reserves	Share-based payments reserve	Exchange reserve	income reserve	Statutory reserves	Retained profits	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 January 2020									
(Audited)	6,481	233,987	13,587	3,194	(10,789)	9,636	8,590	131,113	395,799
Comprehensive income									
Profit for the period	—	—	—	—	—	—	—	249	249
Other comprehensive income	—	—	—	—	(8,627)	—	—	—	(8,627)
Total comprehensive income for the period	—	—	—	—	(8,627)	—	—	249	(8,378)
Transactions with owners									
Share-based payment expense	—	—	—	25	—	—	—	—	25
Balance at 31 March 2020									
(Unaudited)	6,481	233,987	13,587	3,219	(19,416)	9,636	8,590	131,362	387,446
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	—	—	—	—	—	—	—	3,437	3,437
Other comprehensive income	—	—	—	—	4,726	—	—	—	4,726
Total comprehensive income for the period	—	—	—	—	4,726	—	—	3,437	8,163
Transactions with owners									
Share-based payment expense	—	—	—	36	—	—	—	—	36
Balance at 31 March 2019									
(Unaudited)	6,481	233,987	13,587	3,094	(533)	9,939	6,616	111,502	384,673

Notes:

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 three months ended 31 March 2020

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 2020, the accounting policies applied in preparing this unaudited condensed consolidated financial information for the three months ended 31 March 2020 are consistent with those of the annual financial statements for the year ended 31 December 2019, 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 2019.

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	
	31 March	
	2020	2019
	HK\$’000	HK\$’000
	(Unaudited)	(Unaudited)
Battery pack and energy storage system	6,906	15,245
Production and sales of lithium battery products	7,212	5,253
Automobile glass repair and replacement services	10,463	11,510
Others:		
Trading of forklift	4,608	7,862
Wind farm management service	374	523
	29,563	40,393

3. OTHER INCOME AND OTHER LOSSES, NET

	Three months ended 31 March	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Other income		
Government grants	464	804
Others	59	2
	<u>523</u>	<u>806</u>
Other losses, net		
Net gains on disposal of old facilities, scraps or plant and equipment	1	124
Exchange losses	(31)	(1,200)
	<u>(30)</u>	<u>(1,076)</u>

4. INCOME TAX EXPENSE

	Three months ended 31 March	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current income tax		
– Hong Kong profits tax (Note (a))	—	61
– The People's Republic of China (the "PRC") corporate income tax ("CIT") (Note (b))	164	414
	<u>164</u>	<u>475</u>
Deferred tax	(140)	—
	<u>24</u>	<u>475</u>

Notes:

- (a) Hong Kong profits tax has been provided 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 its 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, is entitled to a preferential CIT rate of 15%.

5. DIVIDENDS

The Board does not recommend the payment of dividend for the three months ended 31 March 2020 (2019: Nil).

6. EARNINGS PER SHARE

(a) Basic

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 three months ended 31 March 2020 and 2019.

	Three months ended	
	31 March	
	2020	2019
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company (HK\$'000)	<u>249</u>	<u>3,437</u>
Weighted average number of ordinary shares in issue (thousands)	<u>648,136</u>	<u>648,136</u>
Basis earnings per share (HK cents)	<u>0.04</u>	<u>0.53</u>

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

For the three months ended 31 March 2020, the outstanding share options were anti-dilutive.

For the three months ended 31 March 2019, the Company had dilutive potential ordinary shares from share options. The calculation for share options was determined by the number of shares that could have been acquired at fair value (determined as the average market price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above was compared with the number of shares that would have been issued assuming the exercise of the share options. The number of shares that would have been issued assuming the exercise of the share options less the number of shares that could have been issued at fair value (determined as the average market price per share for the period) for the same total proceeds was the number of shares issued for no consideration. The resulting number of shares issued for no consideration was included in the weighted average number of ordinary shares as the denominator for calculating diluted earnings per share.

	Three months ended	
	31 March	
	2020	2019
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company used to determine the diluted earnings per share (HK\$'000)	<u>249</u>	<u>3,437</u>
Weighted average number of ordinary shares in issue (thousands)	648,136	648,136
Adjustment for share option (thousands)	<u>—</u>	<u>23</u>
	<u>648,136</u>	<u>648,159</u>
Diluted earnings per share (HK cents)	<u>0.04</u>	<u>0.53</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

New Energy — Battery Pack and Energy Storage Systems and Lithium Battery Products Businesses

The Group has production facilities for lithium battery products in the Wuhu City, Anhui Province, China, which commenced commercial sales of lithium battery products in the third quarter of 2017. Products of the Group are delivered for sale 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 engages in the development, processing and sales of energy storage facilities with lithium batteries, including without limitation to large-scale power banks for manufacturing facilities to facilitate load shifting and power stabilization, uninterruptible power supplies and micro energy storage products. The Group also engages in the provision of contract processing services of battery packs and energy storage products to its customers.

Several of the Group's customers of power batteries and battery pack system have been engaged in the production of forklifts. The Group has agreed with these customers to purchase forklifts for the trading of forklift business, which contributed an additional source of revenue for the Group.

The Group is setting up a production plant for lithium battery and energy storage products in Zhangjiagang, Jiangsu Province, China, with commercial production expected to start in the fourth quarter of this year.

New Energy — Wind Power Business

Since the third quarter of 2017, the Group has been providing wind farm management services to Xinyi Wind Power (Jinzhai) Company Limited, a company in which the Group holds 18% equity interest.

Automobile Glass Repair and Replacement Business

The Group currently has four service centres and a motorcade service team for the provision of its services.

FINANCIAL REVIEW

Revenue

The revenue decreased from HK\$40.4 million for the three months ended 31 March 2019 to HK\$29.6 million for the three months ended 31 March 2020, representing a decrease of HK\$10.8 million or 26.8%. The decrease in revenue was mainly due to the prolonged suspension of the production activities of the lithium battery products of the Group following the Chinese New Year holiday and the delay in product delivery to the Group's customers as a result of the outbreak of the COVID-19. The suspension and the delay resulted in a significant decrease of 50.2% of the Group's revenue generated from the business segments of battery pack and energy storage system and trading of forklift. The Group has resumed its production activities since late February 2020, and the Directors do not consider that there is any fundamental deterioration in the business of the Group. The following sets forth an analysis of the revenue of the Group:

Revenue — by segment

	Three months ended 31 March					
	2020		2019		Increase/(decrease)	
	HK\$'million	%	HK\$'million	%	HK\$'million	%
Battery pack and energy storage system	6.9	23.4	15.2	37.8	(8.3)	(54.7)
Production and sales of lithium battery products	7.2	24.3	5.3	13.0	1.9	37.3
Automobile glass repair and replacement services	10.5	35.4	11.5	28.5	(1.0)	(9.1)
Others:						
Trading of forklift	4.6	15.6	7.9	19.4	(3.3)	(41.4)
Wind farm related business	0.4	1.3	0.5	1.3	(0.1)	(28.5)
Total revenue	<u>29.6</u>	<u>100</u>	<u>40.4</u>	<u>100</u>	<u>(10.8)</u>	<u>(26.8)</u>

Cost of revenue and gross profit

Cost of revenue comprised of HK\$4.9 million (2019: HK\$10.8 million) arising from the battery pack and energy storage system business, HK\$7.6 million (2019: HK\$4.4 million) arising from lithium battery products business, HK\$8.3 million (2019: HK\$8.7 million) arising from the automobile glass repair and replacement services business, and HK\$3.6 million (2019: HK\$6.1 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\$4.9 million (2019: HK\$10.8 million) and cost of revenue of lithium battery products business of HK\$7.6 million (2019: HK\$4.4 million) mainly represent the material cost, labour cost and depreciation charge of plant and machinery. The gross profit of battery pack and energy storage system business decreased by 54.2% from HK\$4.5 million for the three months ended 31 March 2019 to HK\$2.0 million for the three months ended 31 March 2020. The gross loss of lithium battery products business for the three months ended 31 March 2020 amounted to HK\$0.4 million, which decreased by HK\$1.3 million as compared to the gross profit of HK\$0.9 million for the three months ended 31 March 2019. The decreases were due to lower level of production following the suspension of the production activities of the lithium battery products during the period which resulted in higher production cost per unit.

Cost of revenue arising from automobile glass repair and replacement services amounted to HK\$8.3 million (2019: HK\$8.7 million). The gross profit decreased by 22.5% from HK\$2.8 million for the three months ended 31 March 2019 to HK\$2.2 million for the three months ended 31 March 2020 mainly due to the rental and the other overhead expenses (including labour costs) were generally stable, while revenue decreased.

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 other losses, net

Other income and other losses mainly included the government grants from the PRC government and exchange losses.

Expenses

Selling and marketing costs decreased by HK\$0.1 million from HK\$1.0 million for the three months ended 31 March 2019 to HK\$0.9 million for the three months ended 31 March 2020, which was mainly due to decrease in expenses incurred for advertisement.

Administrative expenses decreased by HK\$0.4 million from HK\$5.8 million for the three months ended 31 March 2019 to HK\$5.4 million for the three months ended 31 March 2020, primarily due to less expenses incurred as a result of the temporary closure of production and office during the period.

Profit attributable to owners of the Company

Profit attributable to owners of the Company for the three months ended 31 March 2020 amounted to HK\$0.2 million (2019: HK\$3.4 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 at 31 March 2020, the interests or short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)) which are required (a) 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 in which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

(i) Long position in the Shares

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⁾		453,165,649	69.92

Director/ Chief Executive	Capacity	Name of the controlled corporations	Number of issued Shares held	Percentage of the issued share capital of the Company (%)
Mr. NG Ngan Ho	Interest in a controlled corporation	Linkall ⁽⁴⁾ (as defined below)	15,958,086	2.46
		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⁾		453,165,649	69.92

Notes:

- (1) Tan Sri Datuk TUNG Ching Sai is the beneficial owner of all the issued share capital of Copark Investment Limited (“**Copark**”), a company incorporated in the British Virgin Islands (the “**BVI**”) and wholly-owned by Tan Sri Datuk TUNG Ching Sai, which is the registered owner of 37,039,885 Shares. Tan Sri Datuk TUNG Ching Sai also has personal interest in 436,200 Shares held in his own name and 96,540,900 Shares held through his spouse, Puan Sri Datin 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 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 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, which is the registered owner of 15,958,086 Shares.

(ii) Share options of the Company

Director	Capacity	Number of share options outstanding	Approximate percentage of the 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 31 March 2020, 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 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 2020.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

So far as is known to the Directors, as at 31 March 2020, 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⁾	453,165,649	69.92
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⁾	453,165,649	69.92
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⁾	453,165,649	69.92
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⁾	453,165,649	69.92
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⁾	453,165,649	69.92

Name of the Shareholders	Nature of interest and capacity	Percentage of the issued share capital of the Company	
		Number of issued Shares held	(%)
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⁾	453,165,649	69.92
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⁾	453,165,649	69.92

Notes:

- (1) The interests in the Shares the held through 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 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 (as defined in the GEM Listing Rules), each of the parties has agreed to grant a right of first offer to the other parties if any of them intends to sell their Shares allotted to them under the Xinyi Glass Distribution.
- (3) 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 31 March 2020, 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 2020. As at 31 March 2020, a total of 1,147,491 options were still outstanding under the Scheme.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the three months ended 31 March 2020, 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 2020, 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 out in Appendix 15 to the GEM Listing Rules. During the three months ended 31 March 2020, the Company had complied with the applicable code provisions set out in the CG Code.

DIVIDEND

The Board does not recommend the payment of dividend for the three months ended 31 March 2020.

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 2020 and this announcement have 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, 15 May 2020

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.hk 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.