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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 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 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**” or “**Xinyi Hong Kong**”) 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 2020 together with the comparative unaudited figures for the nine months ended 30 September 2019, as follows:

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

*For the three months and nine months ended 30 September 2020*

|                                                                                                    |       | Three months ended<br>30 September |                                 | Nine months ended<br>30 September |                                 |
|----------------------------------------------------------------------------------------------------|-------|------------------------------------|---------------------------------|-----------------------------------|---------------------------------|
|                                                                                                    |       | 2020<br>HK\$'000<br>(Unaudited)    | 2019<br>HK\$'000<br>(Unaudited) | 2020<br>HK\$'000<br>(Unaudited)   | 2019<br>HK\$'000<br>(Unaudited) |
|                                                                                                    | Notes |                                    |                                 |                                   |                                 |
| <b>Revenue</b>                                                                                     | 2     | <b>72,349</b>                      | 46,893                          | <b>153,258</b>                    | 133,615                         |
| Cost of revenue                                                                                    |       | <b>(55,738)</b>                    | (34,474)                        | <b>(120,240)</b>                  | (99,607)                        |
| <b>Gross profit</b>                                                                                |       | <b>16,611</b>                      | 12,419                          | <b>33,018</b>                     | 34,008                          |
| Other income                                                                                       | 3     | <b>1,946</b>                       | 1,562                           | <b>3,507</b>                      | 3,799                           |
| Other (losses)/gains, net                                                                          | 3     | <b>(598)</b>                       | 207                             | <b>641</b>                        | (990)                           |
| Selling and marketing costs                                                                        |       | <b>(1,715)</b>                     | (1,312)                         | <b>(3,765)</b>                    | (3,627)                         |
| Administrative expenses                                                                            |       | <b>(8,655)</b>                     | (6,136)                         | <b>(22,765)</b>                   | (19,235)                        |
| <b>Operating profit</b>                                                                            |       | <b>7,589</b>                       | 6,740                           | <b>10,636</b>                     | 13,955                          |
| Finance income                                                                                     |       | <b>847</b>                         | 934                             | <b>3,182</b>                      | 3,067                           |
| Finance costs                                                                                      |       | <b>—</b>                           | —                               | <b>—</b>                          | —                               |
| <b>Profit before income tax</b>                                                                    |       | <b>8,436</b>                       | 7,674                           | <b>13,818</b>                     | 17,022                          |
| Income tax expense                                                                                 | 4     | <b>(188)</b>                       | (926)                           | <b>(463)</b>                      | (1,731)                         |
| <b>Profit for the period</b>                                                                       |       | <b>8,248</b>                       | 6,748                           | <b>13,355</b>                     | 15,291                          |
| <b>Other comprehensive<br/>income:</b>                                                             |       |                                    |                                 |                                   |                                 |
| <i>Item that may be<br/>subsequently reclassified<br/>to profit or loss:</i>                       |       |                                    |                                 |                                   |                                 |
| Exchange differences on<br>translation of financial<br>statements of operations                    |       | <b>13,451</b>                      | (8,416)                         | <b>6,252</b>                      | (8,989)                         |
| <b>Total comprehensive<br/>income for the period<br/>attributable to owners of<br/>the Company</b> |       | <b>21,699</b>                      | (1,668)                         | <b>19,607</b>                     | 6,302                           |
| <b>Basic and diluted earnings<br/>per share (HK cents)</b>                                         | 6     | <b>1.27</b>                        | 1.04                            | <b>2.06</b>                       | 2.36                            |

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2020

|                                                                              |                              |                              |                                 |                                                | Financial<br>assets at<br>fair value<br>through<br>other<br>comprehensive |                               |                                   |                                 |                             |
|------------------------------------------------------------------------------|------------------------------|------------------------------|---------------------------------|------------------------------------------------|---------------------------------------------------------------------------|-------------------------------|-----------------------------------|---------------------------------|-----------------------------|
|                                                                              | Share<br>capital<br>HK\$'000 | Share<br>premium<br>HK\$'000 | Capital<br>reserves<br>HK\$'000 | Share-based<br>payments<br>reserve<br>HK\$'000 | Exchange<br>reserve<br>HK\$'000                                           | income<br>reserve<br>HK\$'000 | Statutory<br>reserves<br>HK\$'000 | Retained<br>profits<br>HK\$'000 | Total<br>equity<br>HK\$'000 |
| <b>Balance at 1 January 2020</b>                                             |                              |                              |                                 |                                                |                                                                           |                               |                                   |                                 |                             |
| (Audited)                                                                    | 6,481                        | 233,987                      | 13,587                          | 3,194                                          | (10,789)                                                                  | 9,636                         | 8,590                             | 131,113                         | 395,799                     |
| <b>Comprehensive income</b>                                                  |                              |                              |                                 |                                                |                                                                           |                               |                                   |                                 |                             |
| Profit for the period                                                        | —                            | —                            | —                               | —                                              | —                                                                         | —                             | —                                 | 13,355                          | 13,355                      |
| <b>Other comprehensive income</b>                                            |                              |                              |                                 |                                                |                                                                           |                               |                                   |                                 |                             |
| Exchange differences on translation of<br>financial statements of operations | —                            | —                            | —                               | —                                              | 6,252                                                                     | —                             | —                                 | —                               | 6,252                       |
| <b>Total comprehensive income</b>                                            | —                            | —                            | —                               | —                                              | 6,252                                                                     | —                             | —                                 | 13,355                          | 19,607                      |
| <b>Transactions with owners</b>                                              |                              |                              |                                 |                                                |                                                                           |                               |                                   |                                 |                             |
| Share-based payment expense                                                  | —                            | —                            | —                               | 67                                             | —                                                                         | —                             | —                                 | —                               | 67                          |
| <b>Balance at 30 September 2020</b>                                          |                              |                              |                                 |                                                |                                                                           |                               |                                   |                                 |                             |
| (Unaudited)                                                                  | <u>6,481</u>                 | <u>233,987</u>               | <u>13,587</u>                   | <u>3,261</u>                                   | <u>(4,537)</u>                                                            | <u>9,636</u>                  | <u>8,590</u>                      | <u>144,468</u>                  | <u>415,473</u>              |
| <b>Balance at 1 January 2019</b>                                             |                              |                              |                                 |                                                |                                                                           |                               |                                   |                                 |                             |
| (Audited)                                                                    | 6,481                        | 233,987                      | 13,587                          | 3,058                                          | (5,259)                                                                   | 9,939                         | 6,616                             | 108,065                         | 376,474                     |
| <b>Comprehensive income</b>                                                  |                              |                              |                                 |                                                |                                                                           |                               |                                   |                                 |                             |
| Profit for the period                                                        | —                            | —                            | —                               | —                                              | —                                                                         | —                             | —                                 | 15,291                          | 15,291                      |
| <b>Other comprehensive income</b>                                            |                              |                              |                                 |                                                |                                                                           |                               |                                   |                                 |                             |
| Exchange differences on translation of<br>financial statements of operations | —                            | —                            | —                               | —                                              | (8,989)                                                                   | —                             | —                                 | —                               | (8,989)                     |
| <b>Total comprehensive income</b>                                            | —                            | —                            | —                               | —                                              | (8,989)                                                                   | —                             | —                                 | 15,291                          | 6,302                       |
| <b>Transactions with owners</b>                                              |                              |                              |                                 |                                                |                                                                           |                               |                                   |                                 |                             |
| Share-based payment expense                                                  | —                            | —                            | —                               | 103                                            | —                                                                         | —                             | —                                 | —                               | 103                         |
| <b>Balance at 30 September 2019</b>                                          |                              |                              |                                 |                                                |                                                                           |                               |                                   |                                 |                             |
| (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>              |

## **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 2020**

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 2020, the accounting policies applied in preparing this unaudited condensed consolidated financial information for the nine months ended 30 September 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 |               | Nine months ended |                |
|----------------------------------------------------------------|--------------------|---------------|-------------------|----------------|
|                                                                | 30 September       |               | 30 September      |                |
|                                                                | 2020               | 2019          | 2020              | 2019           |
|                                                                | HK\$'000           | HK\$'000      | HK\$'000          | HK\$'000       |
|                                                                | (Unaudited)        | (Unaudited)   | (Unaudited)       | (Unaudited)    |
| Electric storage business                                      | 21,655             | 29,463        | 66,028            | 78,433         |
| Engineering, procurement and<br>construction ("EPC") services  | 30,084             | —             | 30,084            | —              |
| Automobile glass repair and<br>replacement services            | 12,250             | 13,705        | 34,286            | 38,618         |
| Others (Trading of forklift and<br>wind farm related business) | 8,360              | 3,725         | 22,860            | 16,564         |
|                                                                | <u>72,349</u>      | <u>46,893</u> | <u>153,258</u>    | <u>133,615</u> |

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

|                                                                           | Three months ended |              | Nine months ended |              |
|---------------------------------------------------------------------------|--------------------|--------------|-------------------|--------------|
|                                                                           | 30 September       |              | 30 September      |              |
|                                                                           | 2020               | 2019         | 2020              | 2019         |
|                                                                           | HK\$'000           | HK\$'000     | HK\$'000          | HK\$'000     |
|                                                                           | (Unaudited)        | (Unaudited)  | (Unaudited)       | (Unaudited)  |
| <b>Other income</b>                                                       |                    |              |                   |              |
| Government grants                                                         | 1,849              | 1,570        | 3,294             | 3,642        |
| Others                                                                    | 97                 | (8)          | 213               | 157          |
|                                                                           | <u>1,946</u>       | <u>1,562</u> | <u>3,507</u>      | <u>3,799</u> |
| <b>Other (losses)/gains, net</b>                                          |                    |              |                   |              |
| Rent concession                                                           | 69                 | —            | 1,229             | —            |
| Net gains on disposal of old facilities,<br>scraps or plant and equipment | 199                | 182          | 326               | 182          |
| Exchange (losses)/gains                                                   | (866)              | 25           | (914)             | (1,172)      |
|                                                                           | <u>(598)</u>       | <u>207</u>   | <u>641</u>        | <u>(990)</u> |

#### 4. INCOME TAX EXPENSE

|                                                                                              | Three months ended |             | Nine months ended |             |
|----------------------------------------------------------------------------------------------|--------------------|-------------|-------------------|-------------|
|                                                                                              | 30 September       |             | 30 September      |             |
|                                                                                              | 2020               | 2019        | 2020              | 2019        |
|                                                                                              | HK\$'000           | HK\$'000    | HK\$'000          | HK\$'000    |
|                                                                                              | (Unaudited)        | (Unaudited) | (Unaudited)       | (Unaudited) |
| Current income tax                                                                           |                    |             |                   |             |
| – Hong Kong profits tax (Note (a))                                                           | 241                | 306         | 315               | 464         |
| – The People's Republic of China<br>(the "PRC") corporate income tax<br>(("CIT")) (Note (b)) | (214)              | 620         | 265               | 1,267       |
|                                                                                              | 27                 | 926         | 580               | 1,731       |
| Deferred tax                                                                                 | 161                | —           | (117)             | —           |
|                                                                                              | 188                | 926         | 463               | 1,731       |

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, is entitled to a preferential CIT rate of 15%.

#### 5. DIVIDENDS

The Board does not recommend the payment of dividend for the nine months ended 30 September 2020 (2019: Nil).

## 6. EARNINGS PER SHARE

### (a) Basic 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 2020 and 2019.

|                                                                    | Three months ended |                | Nine months ended |                |
|--------------------------------------------------------------------|--------------------|----------------|-------------------|----------------|
|                                                                    | 30 September       |                | 30 September      |                |
|                                                                    | 2020               | 2019           | 2020              | 2019           |
|                                                                    | (Unaudited)        | (Unaudited)    | (Unaudited)       | (Unaudited)    |
| Profit attributable to owners of<br>the Company (HK\$'000)         | <u>8,248</u>       | <u>6,748</u>   | <u>13,355</u>     | <u>15,291</u>  |
| Weighted average number of<br>ordinary shares in issue (thousands) | <u>648,136</u>     | <u>648,136</u> | <u>648,136</u>    | <u>648,136</u> |
| Basic earnings per share (HK cents)                                | <u>1.27</u>        | <u>1.04</u>    | <u>2.06</u>       | <u>2.36</u>    |

### (b) Diluted earnings per share

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**

#### **New Energy - Electric Storage Business and Sales of Electric Forklifts**

The Group has production facilities for lithium battery products in the Wuhu City, Anhui Province, China, which commenced commercial sale of lithium battery packs 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 supply 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 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 2021.

#### **New Energy – EPC services on photovoltaic power stations**

During the nine months ended 30 September 2020, the Group successfully entered into EPC contracts with several customers for the installation of photovoltaic power stations in their factory premises in the PRC. The new EPC services business of the Group provides an additional source of revenue to the Group and is expected to boost the profit growth and market position among new energy enterprises.

## 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

For the nine months ended 30 September 2020, the Group's revenue was HK\$153.3 million (2019: HK\$133.6 million), representing an increase by 14.7% mainly attributable to the change in revenue contribution by business segments as analysed as follows:

|                                                             | Nine months ended 30 September |            |              |            |                     |             |
|-------------------------------------------------------------|--------------------------------|------------|--------------|------------|---------------------|-------------|
|                                                             | 2020                           |            | 2019         |            | Increase/(Decrease) |             |
|                                                             | HK\$'million                   | %          | HK\$'million | %          | HK\$'million        | %           |
| Electric storage business                                   | 66.0                           | 43.1       | 78.4         | 58.7       | (12.4)              | (15.8)      |
| EPC services                                                | 30.1                           | 19.6       | —            | —          | 30.1                | N/A         |
| Automobile glass repair and replacement services            | 34.3                           | 22.4       | 38.6         | 28.9       | (4.3)               | (11.2)      |
| Others (Trading of forklift and wind farm related business) | 22.9                           | 14.9       | 16.6         | 12.4       | 6.3                 | 38.0        |
| Total revenue                                               | <u>153.3</u>                   | <u>100</u> | <u>133.6</u> | <u>100</u> | <u>19.7</u>         | <u>14.7</u> |

The increase in revenue was primarily because of the following reasons:

- (a) the increase in revenue attributable to our new business, EPC services on photovoltaic power stations, which contributed revenue amounting to HK\$30.1 million for the nine months ended 30 September 2020;
- (b) the increase in revenue attributable to “Others” business segment by 38.0% mainly due to the increase in demand of the forklifts during the period; and
- (c) partially offset by (i) the decrease in revenue attributable to the electric storage business by 15.8% mainly due to the decrease in demand of the energy storage systems during the period and (ii) decrease in revenue attributable to the automobile glass repair and replacement services by 11.2% mainly due to the decrease in demand of the services as a result of the outbreak of the Coronavirus Disease 2019.

#### **Cost of revenue and gross profit**

Cost of revenue comprised of HK\$53.2 million (2019: HK\$59.9 million) arising from the electric storage business, HK\$23.2 million (2019: Nil) arising from the EPC services business, HK\$25.9 million (2019: HK\$27.9 million) arising from the automobile glass repair and replacement services business, and HK\$18.0 million (2019: HK\$11.9 million) arising from others (trading of forklifts and wind farm related business).

Cost of revenue for the electric storage business of HK\$53.2 million (2019: HK\$59.9 million) mainly represents the material cost, labour cost, depreciation charge of the plant and machinery. The gross profit of the electric storage business decreased by 30.7% from HK\$18.6 million for the nine months ended 30 September 2019 to HK\$12.9 million for the nine months ended 30 September 2020 due to the change in product mix as a result of the decrease in demand of the energy storage systems, which have relatively higher gross profit margin than other products, and the increase in demand of lithium battery products during the period.

Cost of revenue for the EPC services business of HK\$23.2 million (2019: Nil) mainly represents the material cost and subcontracting cost. The gross profit of the EPC services business amounted to HK\$6.9 million for the nine months ended 30 September 2020 (2019: Nil).

Cost of revenue arising from the automobile glass repair and replacement services decreased by 7.0% from HK\$27.9 million for the nine months ended 30 September 2019 to HK\$25.9 million for the nine months ended 30 September 2020. The gross profit of the automobile glass repair and replacement services decreased by 22.1% from HK\$10.7 million for the nine months ended 30 September 2019 to HK\$8.4 million for the nine months ended 30 September 2020 mainly due to the rental and 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.

The overall gross profit margin decreased from 25.5% for the nine months ended 30 September 2019 to 21.5% for the nine months ended 30 September 2020 mainly due to (i) the change in product mix as a result of the decrease in demand of the energy storage systems which have relatively higher gross profit margin than other products, partially offset by the increase in demand of the other products and (ii) the decrease in revenue of the automobile glass repair and replacement services while the cost of revenue of this business was stable.

#### **Other income and others (losses)/gains, net**

Other income and other (losses)/gains, net mainly included the government grants from the PRC government in relation to the tax subsidy and Hong Kong government in relation to various subsidies granted to our automobile glass repair and replacement business, rental concession for our factory granted by the PRC government and our service centres in Hong Kong granted by the landlords due to the outbreak of the Coronavirus Disease 2019, gain on disposal of scrapped materials and exchange losses.

#### **Expenses**

Selling and marketing costs for the nine months ended 30 September 2020 were stable as compared to the nine months ended 30 September 2019.

Administrative expenses increased by HK\$3.6 million from HK\$19.2 million for the nine months ended 30 September 2019 to HK\$22.8 million for the nine months ended 30 September 2020 mainly due to the increase in research and development cost for the development and improvement of the products.

## Profit attributable to owners of the Company

Profit attributable to owners of the Company for the nine months ended 30 September 2020 amounted to HK\$13.4 million (2019: HK\$15.3 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 30 September 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 positions in the Shares of the Company

| Director/<br>Chief executive                                          | Capacity                                                | Name of the<br>controlled<br>corporations       | Number of<br>issued<br>shares held | Percentage<br>of the issued<br>share capital<br>of the<br>Company<br>(%) |
|-----------------------------------------------------------------------|---------------------------------------------------------|-------------------------------------------------|------------------------------------|--------------------------------------------------------------------------|
| Tan Sri Datuk<br>TUNG<br>Ching Sai<br><i>P.S.M, D.M.S.M,<br/>J.P.</i> | Interest in a controlled<br>corporation                 | Copark <sup>(1)</sup><br>(as defined below)     | 37,039,885                         | 5.71                                                                     |
|                                                                       |                                                         | Full Guang <sup>(3)</sup><br>(as defined below) | 4,436,100                          | 0.68                                                                     |
|                                                                       | Personal interest/<br>Spouse interest <sup>(1)</sup>    |                                                 | 96,977,100                         | 14.96                                                                    |
|                                                                       | Interest in persons<br>acting in concert <sup>(2)</sup> |                                                 | 455,105,649                        | 70.22                                                                    |

| Director/<br>Chief executive | Capacity                                                | Name of the<br>controlled<br>corporations       | Number of<br>issued<br>shares held | Percentage<br>of the issued<br>share capital<br>of the<br>Company<br>(%) |
|------------------------------|---------------------------------------------------------|-------------------------------------------------|------------------------------------|--------------------------------------------------------------------------|
| Mr. NG<br>Ngan Ho            | Interest in a controlled<br>corporation                 | Linkall <sup>(4)</sup><br>(as defined below)    | 17,874,086                         | 2.76                                                                     |
|                              |                                                         | Full Guang <sup>(3)</sup><br>(as defined below) | 4,436,100                          | 0.68                                                                     |
|                              | Personal interest                                       |                                                 | 1,110,000                          | 0.17                                                                     |
|                              | Interest in persons<br>acting in concert <sup>(2)</sup> |                                                 | 455,105,649                        | 70.22                                                                    |

*Notes:*

- (1) Tan Sri Datuk TUNG Ching Sai, J.P. 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, J.P., which is the registered owner of 37,039,885 Shares. Tan Sri Datuk TUNG Ching Sai, J.P. 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 of the Company dated 28 June 2016).
- (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, J.P. 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 17,874,086 Shares.

**(ii) Share options of the Company**

| <b>Director</b> | <b>Capacity</b>   | <b>Number of</b>     | <b>Percentage of the</b>    |
|-----------------|-------------------|----------------------|-----------------------------|
|                 |                   | <b>share options</b> | <b>issued share capital</b> |
|                 |                   | <b>outstanding</b>   | <b>of the Company</b>       |
|                 |                   |                      | <b>(%)</b>                  |
| Ms. LI Pik Yung | Personal interest | 173,088              | 0.03                        |

Save as disclosed above, as at 30 September 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 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 2020.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

So far as is known to the Directors, as of 30 September 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                      | Number of<br>issued shares<br>held | Percentage<br>of the issued<br>share capital<br>of the<br>Company |
|--------------------------|------------------------------------------------------|------------------------------------|-------------------------------------------------------------------|
|                          |                                                      |                                    | (%)                                                               |
| Dr. LEE Yin Yee, B.B.S.  | Interest in controlled corporation <sup>(3)</sup>    | 108,781,432                        | 16.78                                                             |
|                          | Interest in controlled corporation <sup>(4)</sup>    | 24,000                             | 0.01                                                              |
|                          | Interest in controlled corporation <sup>(1)</sup>    | 4,436,100                          | 0.68                                                              |
|                          | Personal interest <sup>(3)</sup>                     | 34,141,500                         | 5.27                                                              |
|                          | Interest in persons acting in concert <sup>(2)</sup> | 455,105,649                        | 70.22                                                             |
| Mr. TUNG Ching Bor       | Interest in a controlled corporation <sup>(5)</sup>  | 40,014,968                         | 6.17                                                              |
|                          | Interest in controlled corporation <sup>(1)</sup>    | 4,436,100                          | 0.68                                                              |
|                          | Personal interest <sup>(5)</sup>                     | 8,863,200                          | 1.37                                                              |
|                          | Interest in persons acting in concert <sup>(2)</sup> | 455,105,649                        | 70.22                                                             |



| Name of the Shareholders | Nature of interest and capacity                      | Percentage<br>of the issued<br>share capital<br>of the<br>Company<br>(%) |       |
|--------------------------|------------------------------------------------------|--------------------------------------------------------------------------|-------|
|                          |                                                      | Number of<br>issued shares<br>held                                       |       |
| Mr. LEE Sing Din         | Interest in a controlled corporation <sup>(6)</sup>  | 37,739,263                                                               | 5.82  |
|                          | Interest in controlled corporation <sup>(1)</sup>    | 4,436,100                                                                | 0.68  |
|                          | Personal interest                                    | 3,115,500                                                                | 0.48  |
|                          | Interest in persons acting in concert <sup>(2)</sup> | 455,105,649                                                              | 70.22 |
| Mr. LI Ching Wai         | Interest in a controlled corporation <sup>(7)</sup>  | 17,487,129                                                               | 2.70  |
|                          | Interest in controlled corporation <sup>(1)</sup>    | 4,436,100                                                                | 0.68  |
|                          | Interest in persons acting in concert <sup>(2)</sup> | 455,105,649                                                              | 70.22 |
| Mr. LI Man Yin           | Interest in a controlled corporation <sup>(8)</sup>  | 11,856,285                                                               | 1.83  |
|                          | Interest in controlled corporation <sup>(1)</sup>    | 4,436,100                                                                | 0.68  |
|                          | Personal interest <sup>(8)</sup>                     | 1,551,000                                                                | 0.24  |
|                          | Interest in persons acting in concert <sup>(2)</sup> | 455,105,649                                                              | 70.22 |
| Mr. SZE Nang Sze         | Interest in a controlled corporation <sup>(9)</sup>  | 17,140,616                                                               | 2.64  |
|                          | Interest in controlled corporation <sup>(1)</sup>    | 4,436,100                                                                | 0.68  |
|                          | Personal interest                                    | 1,002,000                                                                | 0.15  |
|                          | Interest in persons acting in concert <sup>(2)</sup> | 455,105,649                                                              | 70.22 |
| Mr. LI Ching Leung       | Interest in a controlled corporation <sup>(10)</sup> | 11,678,085                                                               | 1.80  |
|                          | Interest in controlled corporation <sup>(1)</sup>    | 4,436,100                                                                | 0.68  |
|                          | Personal interest <sup>(10)</sup>                    | 4,273,500                                                                | 0.66  |
|                          | Interest in persons acting in concert <sup>(2)</sup> | 455,105,649                                                              | 70.22 |

*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, J.P. 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) Dr. LEE Yin Yee, B.B.S.'s interests in the 24,000 Shares are held through Xin Yuen Investment Limited ("**Xin Yuen**"), a company incorporated in the BVI with limited liability on 17 January 2019. Xin Yuen is 50% owned by Dr. LEE Yin Yee, B.B.S. and 50% owned by his spouse, Madam TUNG Hai Chi.
- (5) 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.
- (6) 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.
- (7) 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.
- (8) 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.
- (9) 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.
- (10) 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 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. The Company has granted 558,000 share options under the Scheme during the nine months ended 30 September 2020. As at 30 September 2020, a total of 1,555,496 options were still outstanding under the Scheme.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

During the nine months ended 30 September 2020, neither the Company, nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities.

## **NO COMPETING BUSINESS**

The Company and Xinyi Solar Holdings Limited (“**Xinyi Solar**”) (stock code: 00968), being listed on Main Board of the Stock Exchange, are both engaged in EPC services on photovoltaic power stations.

Arrangements have been implemented that there will be no competing business between the Company and Xinyi Solar in terms of geographical locations. There is no overlapping customer between the Company and Xinyi Solar.

Save as disclosed above, as far as the Directors are aware, during the nine months ended 30 September 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 forth in Appendix 15 to the GEM Listing Rules. During the nine months ended 30 September 2020, the Company had complied with the applicable code provisions set forth in the CG Code.

## **DIVIDEND**

The Board does not recommend the payment of dividend for the nine months ended 30 September 2020 (2019: Nil).

## **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, J.P.. 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 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, J.P.**  
*Chairman*

Hong Kong, 6 November 2020

*As of the date of this announcement, the executive Directors are Mr. NG Ngan Ho and Ms. LI Pik Yung, the non-executive Directors are Tan Sri Datuk TUNG Ching Sai P.S.M, D.M.S.M, J.P. (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, J.P..*

*The announcement will remain on the “Latest Company Announcements” page of the GEM website at [www.hkgem.com](http://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](http://www.xyglass.com.hk).*