

**XINYI AUTOMOBILE GLASS HONGKONG ENTERPRISES LTD:
GIVE THIS ONE A MISS**

It appears inevitable that Xinyi Automobile Glass Hongkong Enterprises Ltd () (Code: 8328, The Growth Enterprise Market (the **GEM**) of The Stock Exchange of Hongkong Ltd) will be hard-pressed, in the Current Financial Year, even to match its Bottom Line in respect of the Company's Financial Year, ended December 31, 2014.

This is due, in part, to the fact that Management will have to swallow further Listing Expenses in the amount of about \$HK4.80 million – in addition to the 2015-Year's Listing Expenses of \$HK13.46 million, already stated in the Company's Consolidated Statements of Profit and Loss.

In the 2015-Year, Management produced a Net Loss Attributable to Shareholders of \$HK4,543,000.

Xinyi Automobile Glass published its Public Offer Prospectus on June 28, 2016.

The Company Offered 55 million, one-cent Shares at the Indicative Offer Price Per Share, ranging from a high of 70 cents to a low of 55 cents.

On July 8, Management announced that the Offer Price Per Share had been struck at 70 cents and that the Company expected to receive net proceeds from the Global Offering of about \$HK32.10 million.

The money, garnered from this Public Offering, will be utilised for the following purposes, the July 8 announcement stated:

'Approximately HK\$28.8 million (or approximately 89.6% of the Company's total estimated net proceeds) will be used for expanding the service capacity of the Group;

'Approximately HK\$1.3 million (or approximately 3.9% of the Company's total estimated net proceeds) will be used for improving in the customer service facilities;

'Approximately HK\$1.4 million (or approximately 4.3% of the Company's total estimated net proceeds) will be used for enhancing the sales and marketing of the Group; and,

'Approximately HK\$0.7 million (or approximately 2.2% of the Company's total estimated net proceeds) will be used for our general working capital of the Group'.

The History of Xinyi Automobile Glass Hongkong Enterprises Ltd

This Company is a spin-off of publicly listed Xinyi Glass Holdings Ltd () (Code: 868, Main Board, The Stock Exchange of Hongkong Ltd).

Xinyi Glass Holdings Ltd was listed on the premier equity market of the Hongkong Special Administrative Region (HKSAR) of the People Republic of China (PRC) on February 3, 2005.

Its principal activity, when this company was floated on the premier equity market of the HKSAR, was in the production and sales of float glass products, the construction of glass products, and a variety of related

products, all of which is marketed in the PRC, proper, as opposed to the HKSAR of the PRC.

During the past five Financial Years, ended December 31, 2015, this company has never missed a beat, so to speak, earning profits for its shareholders, Year-after-Year, and paying dividends, throughout those 60 months.

On June 25, 2016, the Board of Directors of Xinyi Glass Holdings Ltd declared a conditional distribution, in specie, by way of a Special Interim Dividend, of all of the shares in issue to the Qualifying Shareholders of the company.

The Special Interim Dividend announcement stated, inter alia, that each Qualifying Shareholder of Xinyi Glass Holdings Ltd was entitled to receive one share in the Issued Share Capital of Xinyi Automobile Glass Hongkong Enterprises Ltd in respect of each eight Xinyi Glass Holdings's shares, held as at the close of business on the Xinyi Glass Holdings Distribution Record Date.

The Special Interim Dividend was conditional upon the successful Spin-Off of Xinyi Automobile Glass Hongkong Enterprises Ltd.

On completion of the Xinyi Glass Holdings Distribution, the Hongkong Public Offering, the Spin-Off of Xinyi Automobile Glass Hongkong Enterprises Ltd and the GEM Listing, the following persons became the Controlling Shareholders of Xinyi Automobile Glass Hongkong Enterprises Ltd:

Datuk Lee Yin Yee ()	Mr Li Man Yin ()
Mr Tung Ching Bor ()	Mr Li Ching Wai ()
Mr Tung Ching Sai ()	Mr Sze Nang Sze ()
Mr Lee Sing Din ()	Mr Ng Ngan Ho ()
Mr Li Ching Leung ()	

The above-mentioned, Controlling Shareholders, all being Directors of Xinyi Glass Holdings Ltd, beneficially own, in aggregate, 51.346 percent of the Issued and Fully Paid-Up Share Capital of Xinyi Automobile Glass Hongkong Enterprises Ltd.

The Business of Xinyi Automobile Glass Hongkong Enterprises Ltd

At Page 79 of the Public Offer Prospectus, one was given an '**OVERVIEW**' of the business of Xinyi Automobile Glass Hongkong Enterprises Ltd in the following terms:

'We are a service provider of vehicle glass repairs and replacement services in Hong Kong. Our services can be provided either at our service centres or by our motorcade service teams at such locations as requested by our customers. According to the Ipsos Report, we ranked the second in 2015 in the vehicle glass repairs and replacement industry in Hong Kong in terms of revenue with a market share of 19.7%.'

'Our business operation was commenced when our first service centre in Hong Kong was established in December 1996. In 1997, we started using our motorcade service teams to provide the vehicle glass repairs and replacement services to our customers. As of the Latest Practicable Date (June 20, 2016), we had four service centres and 19 motorcade service teams for the provision of our services.'

'During the Track Record Period (the 24 months to December 31, 2015), our customers mainly included (a) corporate customers, such as garages, car dealers, car rental companies, coach and bus companies and public service organisations and government departments, which are not insured under the motor vehicle insurance policies maintained with the insurance companies; (b) individual customers not insured under motor vehicle insurance policies; and (c) insurance companies pursuant to which we have entered into cooperation arrangements for the provision of vehicle glass repairs and replacement'

services for the insured car owners. We have established business relationships with certain insurance companies in Hong Kong for up to seven years. During the year ended 31 December 2015, the revenue generated from corporate customers (other than insurance companies), individual customers and insurance companies represented 51.5%, 40.5% and 8.0% of the total amount of our revenue, respectively.'

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