



信義玻璃控股有限公司

XINYI GLASS HOLDINGS LIMITED *Since 1988*

(Incorporated in the Cayman Islands with limited liability)

Stock code: 00868.hk

INTERIM REPORT 2019



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Financial Highlights

	Six months ended 30 June	Year ended 31 December	
(in HK\$'000)	2019 (Unaudited)	2018 (Unaudited)	2018 (Audited)
Turnover	7,449,940	7,747,838	16,014,490
Profit before income tax	2,355,066	2,332,814	4,970,140
Profit attributable to Company's equity holders	2,124,768	2,007,524	4,236,806
Dividends	1,001,718	999,332	2,077,887
Equity attributable to Company's equity holders	19,706,681	18,509,106	18,624,727
(number of ordinary shares ("Share") in '000)			
Weighted average number of Shares in issue	4,001,054	4,019,079	4,008,099
(in Hong Kong cents)			
Earnings per Share - basic	53.1	50.0	105.7
Earnings per Share - diluted	52.9	49.5	105.0
Dividends per Share	25.0	25.0	27.0
Equity attributable to Company's equity holders per Share	492.5	460.5	464.7

Dear Shareholders

On behalf of the board (the "Board") of directors (the "Directors") of Xinyi Glass Holdings Limited (the "Company"), I am pleased to announce the interim unaudited consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2019.

In comparison with the same period in 2018, turnover of the Group decreased by approximately 3.8% to approximately HK\$7,449.9 million during the six months ended 30 June 2019. The net profit attributable to equity holders of the Company for the review period increased by approximately 5.8%, to approximately HK\$2,124.8 million. Basic earnings per Share were 53.1 HK cents, as compared with 50.0 HK cents for the same period in 2018.

The Board considers that the Group has achieved a remarkable level of profitability in a volatile market environment. Hence, the Board is pleased to declare an interim dividend of 25.0 HK cents per Share.

I present below an overview of the business of the Group for the six months ended 30 June 2019 and key development highlights for the coming half year.

BUSINESS REVIEW

THE DEVELOPMENT OF THE PRC GLASS INDUSTRY HAS BEEN INFLUENCED BY INDUSTRY, ENVIRONMENTAL AND ECONOMIC POLICIES

The growth of the PRC economy has remained steady despite the impact of the Sino-US trade war for the six months period ended 30 June 2019. The Group's operations in the automobile glass, architectural glass and the float glass segments faced different challenges and opportunities. Nonetheless, the Group managed to achieve satisfactory operating results. The performance was primarily attributable to its stringent control over production costs, the depreciation of the Renminbi, a greater value added and upgraded product structure, a better product mix of float glass with more overseas contributions from the operation in Malaysia, and a more effective marketing strategy for the architectural glass and automobile glass divisions.

Chairman's Statement

The volume of new start-up projects in the PRC property sector has experienced moderate growth while the construction market has operated in a tough environment during the six months period ended 30 June 2019 as domestic funding liquidity had improved. Nevertheless, within the highly competitive PRC energy-saving Low-E glass market in the construction industry, the Group's has achieved a remarkable increase in the sales revenue of the architectural glass segment due to its aggressive marketing strategy with a better value-added and advanced product structure.

In light of the prevailing competitive global market conditions along with the impact of extra import duties imposed by the US government, the Group has proactively implemented flexible marketing strategies for its automobile glass business. This is most evident, with the addition of new products for applications such as advanced driver assistance systems ("ADAS"), head up display ("HUD"), sound proofing and sun roofs which are suitable for new car models. At the same time, the Group has been approaching new overseas customers and strengthening the existing customer base in order to explore opportunities to increase the sales volume of its new products. Currently, the Group's automobile glass products are sold in more than 130 countries.

As one of the major players in the global glass industry, the Group has secured its market-leading position and enhanced its economies of scale through strategic expansion in a timely manner of production capacities across different product segments and the construction of new production complexes incorporating streamlined production processes at different locations both in the PRC and overseas. The Group has also implemented a series of measures enhancing control on the sources and consumption of raw materials, the re-cycling of principal raw materials, the re-engineering of production flow to boost production efficiency and using solar power and low-temperature recycling residual heat to generate electricity and hot water for internal consumption. To maintain its competitiveness, the Group has successfully developed and launched a wide range of high value-added and specialty glass products while adopting proactive pricing and flexible marketing strategies to take advantage of the supportive measures implemented under the Thirteenth Five-Year Plan of the PRC government.

IMPROVED PRODUCTIVITY, TECHNOLOGY AND ECONOMIES OF SCALE TO ENHANCE PRODUCTION EFFICIENCY THROUGH RESEARCH AND DEVELOPMENT INVESTMENTS

The Group's continuous research and development investments in production engineering and operational management, along with the continuous improvement in the production process, automation and well-planned equipment maintenance programmes, have enhanced its productivity and yield. These advances, in turn, have reduced overall labour, production and energy costs during the six months period under review.

The Group's engineering and design division has created and installed the latest world class and larger capacity float glass production lines in the PRC and overseas. The economies of scale have enabled significant savings in purchase costs, production and fixed costs and increased efficiency in fuel consumption. To further control energy costs, the Group is harnessing clean environmentally-friendly energy through implementing rooftop solar power generation systems and low-temperature recycling residual heat power co-generation systems.

In addition, using natural gas as the fuel for the production of high-quality float glass can reduce carbon emissions for a better air quality environment, improve float glass quality and enhance the energy cost structure of the Group.

EXPANSION OF HIGH VALUE-ADDED PRODUCT MIX AND GLOBAL COVERAGE WHICH ENHANCES OVERALL COMPETITIVENESS

During the six months period under review, the consolidated revenue generated from the Group's automobile glass, architectural glass and high-quality float glass businesses has achieved a satisfactory result compared to its peers under the competitive market conditions. This performance demonstrates that the Group's combination of its diversified business segments, global market coverage, upgraded product structure and the expanded high value-added product mix can alleviate the operational pressure in any specific business segment or country despite a volatile and competitive market environment.

Chairman's Statement

BUSINESS OUTLOOK

The Group will continue to adopt flexible production and marketing strategies and increase the extent of automation through adopting advanced technologies at its facilities to further improve operational efficiency in order to maintain its leadership and competitive position at the forefront of global glass manufacturers.

The PRC government has continued to tighten the policy on constructing new float glass production lines and phasing out the obsolete and non-compliant float glass production lines because of higher environmental standards on emissions. Thus the Group is embarking on prudent and flexible strategies in response to the current situation of the float glass market in the PRC and the global market.

The industry expects the soda ash price trend to moderate in comparison with 2018. Thus, the Group is cautiously optimistic that the float glass market as well as the average selling price will keep improving in the peak season in 2019.

The Sino-US trade war will continue to have an impact through the pressure of extra import duties to both the US aftermarket automobile glass customers and the Group until the resolution of the trade negotiation.

The PRC's proactive monetary policy will add more liquidity to the market in the first half of 2019 and spur more construction activities. It would also be a positive factor for the demand of the float glass and architectural glass businesses.

At the same time, the Directors are optimistic about the continued good performance of the automobile glass business in the global market and the prospects of increased sales in the energy-saving and single and double insulated Low-E glass segments in the future.

After years of expanding its production facilities in the major economic zones of the PRC, the Group is ready to explore acquisitions and more expansion opportunities overseas and in the western PRC. These activities could provide an attractive and larger market environment, lower materials, production and energy costs, and offer favourable tax treatment and other incentives.

In fact, the production facilities in Beihai, Guangxi and Zhangjiagang, Jiangsu are planned to commence full operations by the first half of 2020. The strategically located new facilities will strengthen the Group's market coverage in both the Eastern and Western regions of the PRC.

The Group will continue to ensure that adequate resources are allocated to product research and development, enhancing product quality and for the introduction of new products, as well as exploring new markets, boosting production efficiency and conducting staff training in order to maintain its competitiveness and, ultimately, boost its profitability.

CONCLUSION

The Group continues to tackle the challenges amidst changes in global market environments by bolstering its efficiency and increasing its profitability through more effective management across its operations and marketing activities, as well as expansion of its business and continued collaboration with its customers and suppliers. The Directors believe that these approaches enable the Group to maximise the benefits from the domestic, emerging market and overseas business opportunities alike and are also cautiously optimistic about its long-term business development prospects.

The Group is continuing to adopt proven business strategies to sustain and strengthen growth with new business concepts. To maintain its industry-leading position, the Group is at the same time exploring expanding its presence in the global glass market across a wider spectrum of industries, applications and products as well as other opportunities mutually beneficial for business partnerships.

Dr. LEE Yin Yee, B.B.S.

Chairman

Hong Kong, 7 August 2019

Management's Discussion and Analysis

FINANCIAL REVIEW

During the six months ended 30 June 2019, the revenue and the net profit of the Group were HK\$7,449.9 million and HK\$2,124.8 million, respectively, representing a decrease of 3.8% and an increase of 5.8% as compared with HK\$7,747.8 million and HK\$2,007.5 million, respectively, for the six months ended 30 June 2018. The Directors were thus pleased with the growth of the business of the Group during the six-month period under review.

REVENUE

The decrease in the revenue for the six-month period under review was mainly attributable to the drop of the float glass business. The lower average selling price due to the competitive market environment and depreciation of the Renminbi contributed to the float glass revenue drop of 14.7% as compared with the same period in 2018.

The increase of automobile glass revenue was mainly attributable to the volume growth in the overseas sales of automobile glass through an effective marketing strategy during the period.

Government policies towards the PRC property market have not eased and construction activities there remained very competitive during the six-month period under review. On the other hand, with the government policies on environmental protection and the encouragement of energy- saving buildings in the PRC, the Directors expect that the demand for the Group's low emission ("**Low-E**") glass will continue to increase. As a leading domestic Low-E glass manufacturer, the Group enjoys economies of scale and a nationwide sales and delivery network. The remarkable sales growth was mainly attributable to the increase of average selling price through an upgrade in product structure with more value added and volume growth spurred by an aggressive marketing strategy as compared with the same period in 2018.

GROSS PROFIT

The Group's gross profit for the six months ended 30 June 2019 decreased by 7.8% to HK\$2,688.9 million as compared with HK\$2,917.9 million for the same period in the previous year. The gross profit margin decreased to 36.1% during the six-month period under review as compared with 37.7% in 2018. The drop in the float glass gross margin was a result of the lower selling price in the competitive market environment and higher production costs amidst a stricter concern about the environment in the PRC. The slight increase of gross profit margins of the automobile glass was mainly due to the depreciation of the Renminbi as around 78% of automobile glass was contributed by the overseas sales. The slight improvement of gross profit margin of the architectural glass businesses was mainly due to the higher average selling price for the period.

OTHER INCOME

There was a decrease of 16.0% of the other income for the six months ended 30 June 2019, as compared with HK\$189.6 million for the same period in 2018. The decrease was principally due to less government grants received during the period.

OTHER GAINS - NET

Other gains for the six months ended 30 June 2019 were HK\$616.2 million, as compared with HK\$40.5 million for the six months ended 30 June 2018. The significant increase was mainly due to a gain on disposal of equity interest in an associate and a gain on dilution of interest in an associate of HK\$485.7 million and HK\$147.7 million respectively incurred in the current six months period under review.

Management's Discussion and Analysis

SELLING AND MARKETING EXPENSES

Selling and marketing expenses increased by 21.2% to HK\$449.4 million for the period under review. The increase was mainly due to extra US import duties part of the Sino-US trade war and the transportation and freight insurance costs which were in line with the increase of revenue from overseas market during the six-month period under review.

ADMINISTRATIVE EXPENSES

Administrative expenses increased by 14.4% to HK\$853.2 million for the six months ended 30 June 2019. The increase was principally attributable to higher business development and pre-operating expenses incurred for new business opportunities and factories during the six-month period under review.

FINANCE COSTS

Finance costs increased by 48.1% to HK\$140.8 million for the six months ended 30 June 2019. The increase was principally due to the higher outstanding amount of bank borrowings and the increase of the Hong Kong Interbank Offered Rate (“HIBOR”) during the six-month period under review. A significant portion of the interest expenses were previously capitalised as part of the total cost in the purchase of plant and machinery and the construction of factory buildings in the Group's PRC and Malaysia production complexes, and these expenses were charged to the income statements of the Group following the commencement of commercial production at the relevant production facilities. Interest amounting to HK\$22.5 million was capitalised under construction-in-progress for the six months ended 30 June 2019.

EARNINGS BEFORE INTEREST, TAXATION, DEPRECIATION AND AMORTISATION (“EBITDA”)

EBITDA increased by 2.6% to HK\$2,961.1 million for the six months ended 30 June 2019, as compared with HK\$2,887.3 million during the same period in 2018.

TAXATION

Tax expense amounted to HK\$228.7 million for the six months ended 30 June 2019. The effective tax rate of the Group was decreased to 13.3% (excluding the non-taxable income from dilution and disposals of Xinyi Solar shares) compared with the same period of 2018. The decrease was mainly attributable to the profit tax incentive programme in the Malaysia operation. Most of the Group's PRC subsidiaries are qualified as high technology enterprises with a preferential profit tax rate of 15% under the applicable PRC corporate income tax laws and regulations.

NET PROFIT

Net profit for the six months ended 30 June 2019 was HK\$2,124.8 million, representing an increase of 5.8% as compared with the same period in 2018. The net profit margin for the period under review rose to 28.5% from 25.9%, principally due to the increases in the gross profits of automobile glass and architectural glass, contributions from Xinyi Solar and Xinyi Energy and its diversified sources of income.

CAPITAL EXPENDITURE AND COMMITMENTS

For the six months ended 30 June 2019, the Group incurred an aggregate capital expenditure amounting to HK\$1,204.2 million for the purchase of plant and machinery and the construction of factory premises at the Group's production complexes in the PRC and Malaysia. Capital commitments contracted for but not incurred by the Group as at 30 June 2019 amounted to HK\$1,561.9 million, which were mainly related to the land use right and property, plant and equipment in the PRC and Malaysia.

PLEDGE OF ASSETS

No asset of the Group was pledged as security for bank borrowings as at 30 June 2019 and 30 June 2018.

Management's Discussion and Analysis

NET CURRENT ASSETS

As at 30 June 2019, the Group had net current assets of HK\$1,228.9 million, with the current ratio of 1.12 (2018: 1.39). The drop of net current ratio represented more capital expenditures and investments made in current period. The Group has adequate funds to meet the payment obligation of the current liabilities.

FINANCIAL RESOURCES AND LIQUIDITY

During the six months ended 30 June 2019, the Group's primary sources of funding included cash generated from operating activities and credit facilities provided by principal banks in Hong Kong, China and Malaysia. As at 30 June 2019, the net cash inflow from operating activities amounted to approximately HK\$1,513.2 million (2018: HK\$2,189.0 million) and the Group had cash and cash equivalents of HK\$5,683.2 million (2018: HK\$4,692.3 million).

As at 30 June 2019, total bank borrowings were HK\$10,400.2 million. Despite the increase in the total liabilities, the net debt gearing ratio, calculated based on net total borrowings divided by total shareholders' equity (excluding 2019 declared interim dividends and 2018 proposed final dividend respectively), was at 23.8% as at 30 June 2019, as compared with 28.2% as at 31 December 2018. The decrease of net gearing ratio was principally due to higher net profit and higher cash balances achieved during the period.

CONTINGENT LIABILITIES

As at 30 June 2019, the Group did not have any significant contingent liabilities.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES

Save as disclosed in this interim report, there was no material acquisition and disposal of subsidiaries and associated companies during the six months ended 30 June 2019.

TREASURY POLICIES AND EXPOSURE TO FLUCTUATION IN EXCHANGE RATES

The Group's transactions are mainly denominated in Renminbi, US dollars, Malaysia Ringgit, Euro, Australian dollars, Japanese Yen and Hong Kong dollars with principal production activities conducted in China. As at 30 June 2019, the Group's bank borrowings were denominated in Hong Kong dollars bearing effective interest rates at 2.73% per annum. Hence, the Group's exposure to foreign exchange fluctuations was limited. The Group has not experienced any material difficulty and liquidity problems resulting from foreign exchange fluctuations. The Group may use financial instruments for hedging purposes as and when required. During the six months ended 30 June 2019, the Group did not use any financial instrument for hedging purposes.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2019, the Group had 12,429 full-time employees of whom 11,717 were based in China and 712 in Hong Kong and other countries and territories. The Group maintains a good professional relationship with its employees and provides them with a positive working environment. It provides employees with training on the latest business and professional knowledge including applications of the Group's products and developing skills in maintaining good client relationships. Remuneration packages offered to the Group's employees are consistent with prevailing levels and are reviewed on a regular basis. Discretionary bonuses may be provided to selected employees taking into consideration the Group's performance and that of the individual employee.

Pursuant to the applicable laws and regulations in the PRC, the Group has arranged for participation of its employees in relevant required retirement contribution schemes administered by the Chinese government. As for the Group's employees in Hong Kong, all the arrangements pursuant to the mandatory provident fund requirements set forth under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) have been duly implemented.

Management's Discussion and Analysis

SHARE OPTION SCHEME

The Company has adopted a share option scheme on 18 January 2015 for the purpose of providing incentives and rewards to eligible participants who have contributed to the success of the Group's operations. The Directors may, at their discretion, invite any employees and other selected participants to accept options to be granted by the Company for subscription for the Shares. As at the date of this interim report, 28,000,000 options, 28,500,000 options, 29,264,000 options, 29,600,000 options and 33,900,000 options were granted under the share option scheme on 2 March 2015, 16 March 2016, 1 March 2017, 27 February 2018 and 26 February 2019 respectively, and 105,377,000 options were outstanding as at 30 June 2019.

Condensed Consolidated Balance Sheet

(All amounts in Hong Kong dollar thousands unless otherwise stated)

		As at	
		30 June 2019	31 December 2018
		(Unaudited)	(Audited)
	Note		
ASSETS			
Non-current assets			
Leasehold land and land use rights	5	3,691,773	3,744,185
Property, plant and equipment	6	13,479,824	13,079,442
Investment properties	7	1,699,274	1,674,495
Right-of-use assets		7,326	—
Prepayments for property, plant and equipment and land use rights		389,910	191,677
Intangible assets		66,399	67,474
Financial assets at fair value through other comprehensive income		36,106	38,513
Investments in associates	8	5,103,966	4,679,890
Loan to associates		1,024	1,025
		<u>24,475,602</u>	<u>23,476,701</u>
Current assets			
Inventories		2,312,460	1,754,514
Loans to associates		35,716	35,833
Trade and other receivables	9	2,983,698	2,675,791
Financial assets at fair value through profit and loss		287,167	44,090
Pledged bank deposits	10	14,264	14,133
Fixed deposits	10	136,410	79,699
Cash and bank balances	10	5,532,533	4,598,506
		<u>11,302,248</u>	<u>9,202,566</u>
Total assets		<u>35,777,850</u>	<u>32,679,267</u>

Condensed Consolidated Balance Sheet

(All amounts in Hong Kong dollar thousands unless otherwise stated)

	Note	As at	
		30 June 2019 (Unaudited)	31 December 2018 (Audited)
<i>EQUITY</i>			
Capital and reserves attributable to equity holders of the Company			
Share capital	11	400,888	399,320
Share premium	11	338,287	249,821
Other reserves	12	894,727	938,284
Retained earnings		18,072,779	17,037,302
		<u>19,706,681</u>	<u>18,624,727</u>
Non-controlling interests		78,065	77,534
		<u>19,784,746</u>	<u>18,702,261</u>
<i>LIABILITIES</i>			
Non-current liabilities			
Bank and other borrowings	14	5,419,715	6,874,933
Deferred income tax liabilities		417,288	417,671
Lease liabilities	15	5,276	—
Other payables	13	77,504	81,617
		<u>5,919,783</u>	<u>7,374,221</u>

Condensed Consolidated Balance Sheet

(All amounts in Hong Kong dollar thousands unless otherwise stated)

		As at	
		30 June 2019 (Unaudited)	31 December 2018 (Audited)
	Note		
Current liabilities			
Trade and other payables	13	4,570,168	2,897,084
Current income tax liabilities		520,525	611,260
Lease liabilities	15	2,148	—
Bank and other borrowings	14	4,980,480	3,094,441
		<u>10,073,321</u>	<u>6,602,785</u>
Total liabilities		<u>15,993,104</u>	<u>13,977,006</u>
Total equity and liabilities		<u>35,777,850</u>	<u>32,679,267</u>
Total assets less current liabilities		<u>25,704,529</u>	<u>26,076,482</u>

Condensed Consolidated Income Statement

(All amount in Hong Kong dollar thousands unless otherwise stated)

		Unaudited Six months ended 30 June	
	Note	2019	2018
Revenue	4	7,449,940	7,747,838
Cost of sales	16	(4,761,024)	(4,829,949)
Gross profit		2,688,916	2,917,889
Other income	4	159,331	189,591
Other gains - net	17	616,219	40,451
Selling and marketing costs	16	(449,398)	(370,908)
Administrative expenses	16	(853,246)	(745,875)
Operating profit		2,161,822	2,031,148
Finance income	18	43,672	33,044
Finance costs	18	(140,751)	(95,046)
Share of profits of associates	8	290,323	363,668
Profit before income tax		2,355,066	2,332,814
Income tax expense	19	(228,714)	(319,961)
Profit for the period		2,126,352	2,012,853
Profit attributable to:			
– Equity holders of the Company		2,124,768	2,007,524
– Non-controlling interest		1,584	5,329
Profit for the period		2,126,352	2,012,853
Earnings per Share for profit attributable to the equity holders of the Company during the period (expressed in Hong Kong cents per Share)			
– Basic	21	53.1	50.0
– Diluted	21	52.9	49.5

Condensed Consolidated Statement of Comprehensive Income

(All amount in Hong Kong dollar thousands unless otherwise stated)

	Unaudited Six months ended 30 June	
	2019	2018
Profit for the period	<u>2,126,352</u>	<u>2,012,853</u>
Other comprehensive income		
Items that will not be reclassified subsequently to the consolidated income statement:		
Change in fair value of financial assets at fair value through other comprehensive income	(2,407)	—
Items that may be reclassified subsequently to the consolidated income statement:		
Disposal of interests in an associate	12,421	—
Dilution of interests in an associate	6,100	—
Change in value of available-for-sale financial assets	—	(7,831)
Currency translation differences	(44,802)	(290,984)
Share of other comprehensive income of investments accounted for using the equity method	(25,092)	(65,930)
Total comprehensive income for the period	<u>2,072,572</u>	<u>1,648,108</u>
Total comprehensive income for the period attributable to:		
– Equity holders of the Company	2,070,780	1,642,900
– Non-controlling interests	<u>1,792</u>	<u>5,208</u>
	<u>2,072,572</u>	<u>1,648,108</u>

Condensed Consolidated Statement of Changes in Equity

(All amount in Hong Kong dollar thousands unless otherwise stated)

Note	Unaudited							
	Attributable to equity holders of the Company						Non-controlling interests	Total equity
	Share capital	Share premium	Other reserves	Retained earnings	Total			
Balance at 31 December 2018 and 1 January 2019	399,320	249,821	938,284	17,037,302	18,624,727	77,534	18,702,261	
Comprehensive income								
Profit for the period	—	—	—	2,124,768	2,124,768	1,584	2,126,352	
Other comprehensive income								
Changes in value of financial assets at FVOCI	—	—	(2,407)	—	(2,407)	—	(2,407)	
Disposal of interests in an associate	—	—	12,421	—	12,421	—	12,421	
Dilution of interests in an associate	—	—	6,100	—	6,100	—	6,100	
Share of other comprehensive income of investments accounted for using equity method	—	—	(25,092)	—	(25,092)	—	(25,092)	
Currency translation differences	—	—	(45,010)	—	(45,010)	208	(44,802)	
Total comprehensive income	—	—	(53,988)	2,124,768	2,070,780	1,792	2,072,572	
Transactions with owners								
Employees share option scheme:								
– Proceeds from shares issued	11(a) 1,568	88,466	(17,145)	—	72,889	—	72,889	
– Value of employee services	—	—	20,372	—	20,372	—	20,372	
– Release on forfeiture of share options	—	—	(25)	25	—	—	—	
Transfer to reserves	—	—	7,229	(7,229)	—	—	—	
Dividend paid to non-controlling interest	—	—	—	—	—	(1,261)	(1,261)	
Dividends relating to 2018	20 —	—	—	(1,082,087)	(1,082,087)	—	(1,082,087)	
Total transactions with owners	1,568	88,466	10,431	(1,089,291)	(988,826)	(1,261)	(990,087)	
Balance at 30 June 2019	400,888	338,287	894,727	18,072,779	19,706,681	78,065	19,784,746	

Condensed Consolidated Statement of Changes in Equity

(All amount in Hong Kong dollar thousands unless otherwise stated)

Note	Unaudited							
	Attributable to equity holders of the Company						Non-controlling interests	Total equity
	Share capital	Share premium	Other reserves	Retained earnings	Total			
Balance at 31 December 2017 and 1 January 2018	401,766	534,201	2,102,235	15,199,009	18,237,211	68,981	18,306,192	
Comprehensive income								
Profit for the period	—	—	—	2,007,524	2,007,524	5,329	2,012,853	
Other comprehensive income								
Changes in value of available-for-sale financial assets	—	—	(7,831)	—	(7,831)	—	(7,831)	
Share of other comprehensive income of investments accounted for using equity method	—	—	(65,930)	—	(65,930)	—	(65,930)	
Currency translation differences	—	—	(290,863)	—	(290,863)	(121)	(290,984)	
Total comprehensive income	—	—	(364,624)	2,007,524	1,642,900	5,208	1,648,108	
Transactions with owners								
Employees share option scheme:								
– Proceeds from shares issued	1,209	72,085	(15,454)	—	57,840	—	57,840	
– Value of employee services	—	—	16,622	—	16,622	—	16,622	
– Release on forfeiture of share options	—	—	(38)	38	—	—	—	
Repurchase and cancellation of shares	(1,409)	(153,382)	1,409	(1,409)	(154,791)	—	(154,791)	
Repurchase of shares but not yet cancelled	(1,833)	(164,756)	—	—	(166,589)	—	(166,589)	
Dividend paid to non-controlling interest	—	—	—	—	—	(1,554)	(1,554)	
Dividends relating to 2017	20	—	—	(1,124,087)	(1,124,087)	—	(1,124,087)	
Total transactions with owners	(2,033)	(246,053)	2,539	(1,125,458)	(1,371,005)	(1,554)	(1,372,559)	
Balance at 30 June 2018	399,733	288,148	1,740,150	16,081,075	18,509,106	72,635	18,581,741	

Condensed Consolidated Cash Flow Statement

(All amount in Hong Kong dollar thousands unless otherwise stated)

	Unaudited	
	Six months ended 30 June	
	2019	2018
Cash flows from operating activities		
Cash generated from operations	1,994,494	2,636,180
Interest paid	(162,781)	(112,042)
Income tax paid	(318,465)	(335,183)
	<hr/>	<hr/>
Cash flows from operating activities - net	1,513,248	2,188,955
Cash flows from investing activities		
Purchase of land use rights	(5,803)	(229,362)
Purchase of property, plant and equipment	(1,171,040)	(835,797)
Loan repayment from an associate	60	16,333
Purchase of financial assets at fair value through profit or loss	(332,795)	—
Proceeds from disposal of financial assets at fair value through profit or loss	81,691	—
Addition to investment in an associate	(770,263)	—
Proceeds from disposal of interests in an associate	1,164,457	—
Increase in fixed deposits	(56,711)	—
Interests received	43,672	33,044
Other investing activities	(28,239)	(23,747)
	<hr/>	<hr/>
Cash flows used in investing activities - net	(1,074,971)	(1,039,529)
Cash flows from financing activities		
Proceeds from bank borrowings	2,632,000	1,891,037
Repayment of banks borrowings	(2,201,179)	(1,536,657)
Dividends paid to non-controlling interests	(1,261)	(1,554)
Share repurchased and cancelled	—	(166,589)
Share repurchased but not yet cancelled	—	(154,791)
Net proceeds from issuance of ordinary shares by share options	72,889	57,840
	<hr/>	<hr/>
Cash flows from financing activities - net	502,449	89,286

Condensed Consolidated Cash Flow Statement

(All amount in Hong Kong dollar thousands unless otherwise stated)

	Unaudited	
	Six months ended 30 June	
	2019	2018
Net increase in cash and cash equivalents	940,726	1,238,712
Cash and cash equivalents at beginning of the period	4,598,506	3,048,604
Effect of foreign exchange rate changes	<u>(6,699)</u>	<u>(32,318)</u>
Cash and cash equivalents at end of the period	<u>5,532,533</u>	<u>4,254,998</u>

Notes to the Condensed Consolidated Financial Information

1 GENERAL INFORMATION

Xinyi Glass Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) is principally engaged in the production and sales of automobile glass, architectural glass and float glass products through production complexes located in the People’s Republic of China (the “PRC”).

The principal place of business of the Group in Hong Kong is situated at Unit 2101-2108, 21st Floor, Rykadan Capital Tower, 135 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong.

This unaudited condensed consolidated interim financial information is presented in thousands of Hong Kong dollars (HK\$’000), unless otherwise stated. This unaudited condensed consolidated interim financial information has been approved for issue by the Directors on 7 August 2019.

2 BASIS OF PREPARATION

This unaudited condensed consolidated interim financial information for the six months ended 30 June 2019 has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and Hong Kong Accounting Standards (“HKAS”) 34, ‘Interim financial reporting’ issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). This unaudited condensed consolidated interim financial information should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2018, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

Notes to the Condensed Consolidated Financial Information

3 ACCOUNTING POLICIES

Except as described below, the accounting policies adopted are consistent with those of the annual financial statements of the Group for the year ended 31 December 2018, as described in 2018 annual financial statements.

Taxes on income in the interim period are accrued using the tax rate that would be applicable to expected total annual earnings.

NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

The following new amendments to standards and interpretations are mandatory for accounting periods beginning on or after 1 January 2019. The adoption of these amendments to standards does not have any significant impact to the results and financial position of the Group.

		Effective for accounting periods beginning on or after
HKFRSs (Amendment)	Annual Improvements 2015-2017 Cycle	1 January 2019
HKAS1 and HKAS 8 (Amendment)	Definition of Material	1 January 2020
HKAS 19 (Amendment)	Plan Amendments, Curtailment or Settlement	1 January 2019
HKAS 28 (Amendment)	Long-term Interests in Associates and Joint Ventures	1 January 2019
HKFRS 3 (Amendment)	Definition of a Business	1 January 2020
HKFRS 9 (Amendment)	Prepayment Features with Negative Compensation	1 January 2019
HKFRS 10 and HKAS 28 (Amendment)	Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture	To be determined
HKFRS 16	Leases	1 January 2019
HKFRS 17	Insurance Contracts	1 January 2021
HK (IFRIC) 23	Uncertainty over Income Tax Treatments	1 January 2019
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting	1 January 2020

Notes to the Condensed Consolidated Financial Information

3 ACCOUNTING POLICIES (Continued)

NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP (Continued)

Note:

There are no other amended standards or interpretations that are effective for the first time for this interim period that could be expected to have a material impact on the Group.

The Group has not applied any new standards and interpretations that are not effective for current accounting period.

4 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the executive Directors that are used to make strategic decisions.

The executive Directors consider the business from an operational entity perspective. Generally, the executive Directors consider the performance of business of each entity within the Group separately. Thus, each entity within the Group is an individual operating segment.

Among these operating segments, these operating segments are aggregated into three segments based on the products sold: (1) float glass; (2) automobile glass; and (3) architectural glass.

The executive Directors assess the performance of the operating segments based on a measure of gross profit. The Group does not allocate other operating costs to its segments as this information is not reviewed by the executive Directors.

Sales between segments are carried out at terms mutually agreed by the relevant parties. The revenue from external parties reported to the executive Directors is measured in a manner consistent with that in the consolidated income statement.

Notes to the Condensed Consolidated Financial Information

4 SEGMENT INFORMATION (Continued)

The unaudited segment information for the period ended 30 June 2019:

	Float glass	Automobile glass	Architectural glass	Unallocated	Total
Segment revenue	4,434,671	2,204,292	1,717,199	—	8,356,162
Inter-segment revenue	(906,222)	—	—	—	(906,222)
Revenue from external customers	3,528,449	2,204,292	1,717,199	—	7,449,940
Cost of sales	(2,541,608)	(1,191,958)	(1,027,458)	—	(4,761,024)
Gross profit	986,841	1,012,334	689,741	—	2,688,916
Depreciation of property, plant and equipment (Note 16)	280,339	66,379	117,047	2,902	466,667
Amortisation					
– leasehold land and land use rights (Note 16)	9,659	1,876	1,883	27,834	41,252
– intangible assets (Note 16)	—	1,083	—	—	1,083
Reversal of provision for impairment of trade and other receivables, net (Note 16)	—	(230)	(367)	—	(597)
Total assets	14,737,586	3,750,581	4,518,513	12,771,170	35,777,850
Total assets included:					
Investments in associates (Note 8)	—	—	—	5,103,966	5,103,966
Loans to associates	—	—	—	36,740	36,740
Investment properties	—	—	—	1,699,274	1,699,274
Additions to non-current assets (other than financial assets at fair value through other comprehensive income (“FVOCI”) and deferred income tax assets)	1,064,054	81,848	41,484	872,428	2,059,814
Total liabilities	1,929,393	1,282,555	397,323	12,383,833	15,993,104

Notes to the Condensed Consolidated Financial Information

4 SEGMENT INFORMATION (Continued)

The unaudited segment revenue for the period ended 30 June 2018 and the audited segment assets and liabilities as at 31 December 2018:

	Float glass	Automobile glass	Architectural glass	Unallocated	Total
Segment revenue	5,055,007	2,116,178	1,493,028	—	8,664,213
Inter-segment revenue	(916,375)	—	—	—	(916,375)
Revenue from external customers	4,138,632	2,116,178	1,493,028	—	7,747,838
Cost of sales	(2,753,429)	(1,165,427)	(911,093)	—	(4,829,949)
Gross profit	1,385,203	950,751	581,935	—	2,917,889
Depreciation of property, plant and equipment (Note 16)	339,276	60,592	44,886	2,544	447,298
Amortisation					
– leasehold land and land use rights (Note 16)	10,865	2,327	1,227	29,553	43,972
– intangible assets (Note 16)	—	1,200	—	—	1,200
Provision for impairment of trade and other receivables, net (Note 16)	—	26	555	—	581
Total assets	13,708,260	5,395,133	2,593,738	10,982,136	32,679,267
Total assets included:					
Investments in associates (Note 8)	—	—	—	4,679,890	4,679,890
Loans to associates	—	—	—	36,858	36,858
Investment properties	—	—	—	1,674,495	1,674,495
Additions to non-current assets (other than available-for-sale financial assets and deferred income tax assets)	1,965,450	260,593	76,128	151,019	2,453,190
Total liabilities	1,692,311	769,501	165,005	11,350,189	13,977,006

Notes to the Condensed Consolidated Financial Information

4 SEGMENT INFORMATION (Continued)

A reconciliation of segment gross profit to profit before income tax is provided as follows:

	Unaudited For the six months ended 30 June	
	2019	2018
Segment gross profit	2,688,916	2,917,889
Unallocated:		
Other income	159,331	189,591
Other gains, net	616,219	40,451
Selling and marketing costs	(449,398)	(370,908)
Administrative expenses	(853,246)	(745,875)
Finance income	43,672	33,044
Finance costs	(140,751)	(95,046)
Share of profits of associates	290,323	363,668
Profit before income tax	<u>2,355,066</u>	<u>2,332,814</u>

Notes to the Condensed Consolidated Financial Information

4 SEGMENT INFORMATION (Continued)

Reportable segments assets/(liabilities) for the period ended 30 June 2019 and the year ended 31 December 2018 are reconciled to total assets/(liabilities) as follows:

	Assets		Liabilities	
	2019 (Unaudited)	2018 (Audited)	2019 (Unaudited)	2018 (Audited)
Segment assets/(liabilities)	23,006,680	21,697,131	(3,609,271)	(2,626,817)
Unallocated:				
Leasehold land and land use rights	2,176,391	2,221,378	—	—
Property, plant and equipment	1,407,477	1,442,776	—	—
Investment properties	1,699,274	1,674,495	—	—
Prepayments for property, plant and equipment and land use rights	1,537	1,656	—	—
Financial assets at FVOCI	36,106	38,513	—	—
Financial assets at fair value through profit and loss	287,167	44,090	—	—
Investments in associates	5,103,966	4,679,890	—	—
Balances with associates	36,740	36,858	—	—
Prepayments, deposits and other receivables	519,731	465,210	—	—
Cash and bank balances	1,502,781	377,270	—	—
Other payables	—	—	(499,676)	(869,201)
Dividend payables	—	—	(1,082,087)	—
Current income tax liabilities	—	—	(117,000)	(93,943)
Deferred income tax liabilities	—	—	(416,875)	(417,671)
Bank and other borrowings	—	—	(10,268,195)	(9,969,374)
Total assets/(liabilities)	<u>35,777,850</u>	<u>32,679,267</u>	<u>(15,993,104)</u>	<u>(13,977,006)</u>

Notes to the Condensed Consolidated Financial Information

4 SEGMENT INFORMATION (Continued)

Breakdown of the revenue from the sales of products is as follows:

	Unaudited For the six months ended 30 June	
	2019	2018
Sales of float glass	3,528,449	4,138,632
Sales of automobile glass	2,204,292	2,116,178
Sales of architectural glass	<u>1,717,199</u>	<u>1,493,028</u>
Total	<u>7,449,940</u>	<u>7,747,838</u>

The Group's revenue is mainly derived from customers located in the Greater China (including Hong Kong and PRC), North America and Europe while the Group's business activities are conducted predominately in the Greater China. An analysis of the Group's sales by geographical locations of its customers is as follows:

	Unaudited For the six months ended 30 June	
	2019	2018
Greater China	4,897,517	5,569,325
North America	888,057	813,314
Europe	289,552	255,788
Other countries	<u>1,374,814</u>	<u>1,109,411</u>
	<u>7,449,940</u>	<u>7,747,838</u>

Notes to the Condensed Consolidated Financial Information

4 SEGMENT INFORMATION (Continued)

An analysis of the Group's non-current assets other than financial assets at fair value through other comprehensive income (there are no employment benefit assets and rights arising under insurance contracts) by geographical area in which the assets are located is as follows:

	As at	
	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Greater China	22,407,333	21,417,300
North America	13,053	9,786
Malaysia	2,018,598	2,011,069
Other countries	512	33
	<u>24,439,496</u>	<u>23,438,188</u>

5 LEASEHOLD LAND AND LAND USE RIGHTS

The Group's interests in leasehold land and land use rights represent prepaid operating lease payments and their net book values are analysed as follows:

	As at	
	30 June 2019 (Unaudited)	31 December 2018 (Audited)
As at 1 January	3,744,185	3,426,887
Currency translation differences	(5,136)	(163,659)
Additions	—	572,209
Amortisation of prepaid operating lease payments	(47,276)	(84,684)
Transfer to investment properties	—	(6,568)
	<u>3,691,773</u>	<u>3,744,185</u>
As at 30 June/31 December		

Notes to the Condensed Consolidated Financial Information

6 PROPERTY, PLANT AND EQUIPMENT

	Construction in progress	Freehold land	Buildings	Plant and machinery	Office equipment	Total
Opening net book amount as at 1 January 2019	505,335	126,836	3,508,384	8,923,201	15,686	13,079,442
Currency translation differences	(638)	(1,357)	(2,510)	(11,279)	(810)	(16,594)
Additions	890,950	—	13,810	79,984	9,167	993,911
Transfers	(374,271)	—	36,686	334,895	2,690	—
Disposals	(287)	—	—	(31,238)	—	(31,525)
Depreciation charge	—	—	(90,979)	(445,542)	(8,889)	(545,410)
Closing net book amount as at 30 June 2019	<u>1,021,089</u>	<u>125,479</u>	<u>3,465,391</u>	<u>8,850,021</u>	<u>17,844</u>	<u>13,479,824</u>

Note:

Depreciation is calculated using the straight-line method to allocate their costs, net of residual values, over their estimated useful lives, as follows:

– Buildings	20-30 years
– Plant and machinery (note a)	5-20 years
– Office equipment	3-7 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

- (a) Only solar energy related equipment is applicable to depreciation of useful lives of 20 years.

Notes to the Condensed Consolidated Financial Information

7 INVESTMENT PROPERTIES

	As at	
	30 June 2019 (Unaudited)	31 December 2018 (Audited)
As at 1 January	1,674,495	1,204,983
Currency translation differences	(2,545)	(51,693)
Additions	27,324	60,523
Fair value gains	—	377,372
Transferred from property, plant and equipment	—	76,742
Transferred from leasehold lands and land use rights	—	6,568
	<u>1,699,274</u>	<u>1,674,495</u>
As at 30 June/31 December		

As at 30 June 2019, the Group has five investment properties in the PRC and an investment property in Hong Kong.

The Group's investment properties were valued at 31 December 2018 by independent professionally qualified valuer who holds a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

The Group's finance department reviews the valuations performed by the independent valuer for financial reporting purposes. This team reports directly to the chief financial officer and group senior management for discussions in relation to the valuation processes and the reasonableness of the valuation results.

Notes to the Condensed Consolidated Financial Information

7 INVESTMENT PROPERTIES (Continued)

The Group's interest in the investment properties at their net book amount is analysed as follows:

	As at 30 June 2019 Level 3	As at 31 December 2018 Level 3
Fair value hierarchy:		
– Commercial building under Construction – Xiamen, the PRC	1,356,527	1,331,323
– Commercial building 1– Shenzhen, the PRC	48,995	49,072
– Commercial building 3– Shenzhen, the PRC	116,631	116,816
– Office unit –Wuhu, the PRC	98,330	98,487
– Office unit – Hong Kong	75,880	75,880
	<u>1,696,363</u>	<u>1,671,578</u>
At cost		
– Commercial building 2 – Shenzhen, the PRC	2,911	2,917
	<u>1,699,274</u>	<u>1,674,495</u>

There were no transfers between level 1, 2 and 3 during the period.

Notes to the Condensed Consolidated Financial Information

8 INVESTMENTS IN ASSOCIATES

	As at	
	30 June 2019 (Unaudited)	31 December 2018 (Audited)
At 1 January	4,679,890	4,415,663
Currency translation differences	(69)	(1,270)
Addition to investment in an associate	770,263	175,362
Dilution of interests in an associate	153,801	—
Disposal of interests in an associate	(666,376)	—
Share of profits of associates	290,323	565,900
Dividend receivable/received	(98,774)	(331,519)
Share of other comprehensive income	(25,092)	(144,246)
At 30 June/31 December	<u>5,103,966</u>	<u>4,679,890</u>

Notes to the Condensed Consolidated Financial Information

9 TRADE AND OTHER RECEIVABLES

	As at	
	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Trade receivables (note (a))	1,580,099	1,315,211
Less: provision for impairment of trade receivables	<u>(38,049)</u>	<u>(36,953)</u>
	1,542,050	1,278,258
Bills receivables (note (b))	<u>319,324</u>	<u>339,564</u>
Trade and bills receivables – net	1,861,374	1,617,822
Prepayments, deposits and other receivables	<u>1,512,234</u>	<u>1,249,646</u>
	<u>3,373,608</u>	<u>2,867,468</u>
Less: non-current portion Prepayments for property, plant and equipment and land use rights	<u>(389,910)</u>	<u>(191,677)</u>
	<u>2,983,698</u>	<u>2,675,791</u>

Notes to the Condensed Consolidated Financial Information

9 TRADE AND OTHER RECEIVABLES (Continued)

Notes:

- (a) The credit period granted by the Group to its customers is generally from 30 to 90 days. At 30 June 2019 and 31 December 2018 the ageing analysis of the Group's trade receivables was as follows:

	As at	
	30 June 2019 (Unaudited)	31 December 2018 (Audited)
0-90 days	1,146,606	940,454
91-180 days	244,424	206,186
181-365 days	118,383	115,030
1-2 years	60,167	41,167
Over 2 years	10,519	12,374
	<u>1,580,099</u>	<u>1,315,211</u>

- (b) All the bills receivables are issued by licensed banks in the PRC with maturities ranging within six months.

Notes to the Condensed Consolidated Financial Information

10 CASH AND BANK BALANCES

Cash and bank balances include the following for the purpose of the condensed consolidated cash flows:

	As at	
	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Cash and bank balances and pledged bank deposits	5,683,207	4,692,338
Less:		
– Pledged bank deposits (note a)	(14,264)	(14,133)
– Fixed deposits (note b)	(136,410)	(79,699)
Cash and bank balances	<u>5,532,533</u>	<u>4,598,506</u>

Notes:

- a. The pledged bank deposits represents deposits pledged as collateral principally as security for import duties payable to the US Customs.
- b. The fixed deposits represent deposits held at call with banks and other short-term liquid investments with original maturities over three months.

Notes to the Condensed Consolidated Financial Information

11 SHARE CAPITAL

The share capital of the Company comprised ordinary shares (the “Shares”) of HK\$0.1 each.

	Note	Number of Shares	Ordinary shares of HK\$0.1 each	Share Premium	Total
Authorised:					
As at 31 December 2018 and 30 June 2019		20,000,000,000	2,000,000	—	2,000,000
Issued and fully paid:					
As at 1 January 2019		3,993,202,147	399,320	249,821	649,141
Issues of Shares under an employees’ share option scheme	(a)	15,677,500	1,568	88,466	90,034
As at 30 June 2019		4,008,879,647	400,888	338,287	739,175

Notes to the Condensed Consolidated Financial Information

11 SHARE CAPITAL (Continued)

Notes:

- (a) Details of the movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	For the six months ended 30 June			
	2019		2018	
	Average exercise price in HK dollar per Share	Options (thousands)	Average exercise price in HK dollar per Share	Options (thousands)
At 1 January	7.75	90,708	5.64	79,214
Granted	9.53	33,900	11.74	29,600
Exercised	4.66	(15,678)	4.79	(12,085)
Lapsed	7.94	(3,532)	5.51	(3,193)
Expired	4.55	(21)	5.70	(26)
At 30 June	<u>8.78</u>	<u>105,377</u>	<u>7.69</u>	<u>93,510</u>

Out of the 105,377,000 outstanding options, 17,552,000 options were exercisable as at 30 June 2019. Options exercised in 2019 resulted in 15,678,000 Shares being issued at a weighted average price at the time of exercise of HK\$4.66 each.

Share options outstanding at the end of the period have the following expiry date and exercise price:

Expiry date	Exercise price in HK dollar per Share	Options (thousands)
31 March 2020	4.81	17,552
31 March 2021	7.28	25,911
31 March 2022	11.74	28,014
31 March 2023	9.53	33,900
		<u>105,377</u>

Notes to the Condensed Consolidated Financial Information

11 SHARE CAPITAL (Continued)

Notes: (Continued)

The weighted average fair value of options granted during the period determined using the Black-Scholes valuation model, which was performed by an independent valuer, Greater China Appraisal Limited. The value of share options granted during the period was based on the following assumptions:

Date of grant	26 February 2019
Option valued	HK\$1.6897
Share price at the date of grant	HK\$9.31
Exercisable price	HK\$9.53
Expected volatility	37.3080%
Annual risk-free interest rate	1.4684%
Life of option	3 years and 6 months
Dividend yield	5.4891%

Notes to the Condensed Consolidated Financial Information

12 OTHER RESERVES

	Statutory reserve fund	Enterprise expansion fund	Foreign currency translation reserve	Capital reserve	Share options reserve	Property revaluation reserve	Capital redemption reserve	FVOCI reserve	Subtotal	Retained earnings	Total
Balance at 1 January 2019	1,658,967	46,867	(1,014,750)	133,317	54,849	37,227	21,190	617	938,284	17,037,302	17,975,586
Profit for the period	—	—	—	—	—	—	—	—	—	2,124,768	2,124,768
Change in value of financial assets at FVOCI	—	—	—	—	—	—	—	(2,407)	(2,407)	—	(2,407)
Disposal of interests in an associate	—	—	12,421	—	—	—	—	—	12,421	—	12,421
Dilution of interests in an associate	—	—	6,100	—	—	—	—	—	6,100	—	6,100
Share of the other comprehensive income of investments accounted for using the equity method	—	—	(25,092)	—	—	—	—	—	(25,092)	—	(25,092)
Currency translation differences	—	—	(45,010)	—	—	—	—	—	(45,010)	—	(45,010)
Employees' share option scheme:	—	—	—	—	(17,145)	—	—	—	(17,145)	—	(17,145)
– Proceeds from shares issued	—	—	—	—	20,372	—	—	—	20,372	—	20,372
– Value of employee services	—	—	—	—	(25)	—	—	—	(25)	25	—
– Release on forfeiture of share options	—	—	—	—	—	—	—	—	—	(7,229)	—
Transfer to reserves	7,229	—	—	—	—	—	—	—	7,229	(7,229)	—
Dividend relating to 2018	—	—	—	—	—	—	—	—	—	(1,082,087)	(1,082,087)
Balance at 30 June 2019	1,666,196	46,867	(1,066,331)	133,317	58,051	37,227	21,190	(1,790)	894,727	18,072,779	18,967,506

Notes to the Condensed Consolidated Financial Information

13 TRADE AND OTHER PAYABLES

	As at	
	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Trade payables (note (a))	1,148,608	919,888
Bill payables (note (b))	<u>788,928</u>	<u>354,043</u>
	1,937,536	1,273,931
Other payables	2,347,497	1,411,822
Contract liabilities	362,639	292,948
Less: non-current portion	<u>(77,504)</u>	<u>(81,617)</u>
Current portion	<u>4,570,168</u>	<u>2,897,084</u>

Notes:

- (a) At 30 June 2019 and 31 December 2018, the ageing analysis of the trade payables was as follows:

	As at	
	30 June 2019 (Unaudited)	31 December 2018 (Audited)
0-90 days	1,002,952	807,412
91-180 days	44,290	36,577
181-365 days	58,673	35,954
1-2 years	22,402	15,305
Over 2 years	<u>20,291</u>	<u>24,640</u>
	<u>1,148,608</u>	<u>919,888</u>

- (b) Bills payable have maturities ranging within 6 months.

Notes to the Condensed Consolidated Financial Information

14 BANK AND OTHER BORROWINGS

	As at	
	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Non-current		
Bank borrowings, guaranteed (note (a))	10,400,195	9,969,374
Less: Current portion	<u>(4,980,480)</u>	<u>(3,094,441)</u>
Shown as non-current liabilities	<u>5,419,715</u>	<u>6,874,933</u>
Current		
Short term bank borrowings, guaranteed	532,000	200,000
Current portion of long-term bank borrowings, guaranteed	<u>4,448,480</u>	<u>2,894,441</u>
Shown as current liabilities	<u>4,980,480</u>	<u>3,094,441</u>
Total bank and other borrowings	<u>10,400,195</u>	<u>9,969,374</u>

Note:

- (a) The bank borrowings were secured by corporate guarantees provided by the Company and its subsidiaries.

At 30 June 2019 and 31 December 2018, the Group's bank borrowings were repayable as follows:

	As at	
	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Within 1 year	4,980,480	3,094,441
Between 1 and 2 years	2,815,484	4,249,714
Between 2 and 5 years	<u>2,604,231</u>	<u>2,625,219</u>
	<u>10,400,195</u>	<u>9,969,374</u>

Notes to the Condensed Consolidated Financial Information

14 BANK AND OTHER BORROWINGS (Continued)

Notes: (Continued)

At 30 June 2019 and 31 December 2018, the carrying amounts of the Group's bank borrowings are denominated in the following currencies:

	As at	
	30 June 2019 (Unaudited)	31 December 2018 (Audited)
HKD	<u>10,400,195</u>	<u>9,969,374</u>

The carrying amounts of bank borrowings approximate their fair values as at 30 June 2019 and 31 December 2018.

The effective interest rates (inclusive of HIBOR rate) at the balance sheet date were as follows:

	30 June 2019 HK\$	31 December 2018 HK\$
Bank borrowings	<u>2.73%</u>	<u>2.55%</u>

Note: The current prime rate of the People's Bank of China ("PBOC") for one year Reminbi bank borrowings is 4.35% (for reference only).

Notes to the Condensed Consolidated Financial Information

15 LEASE LIABILITIES

The contractual maturities of the Group's lease liabilities were as follows:

	As at	
	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Within 1 year	2,148	—
Between 1 and 2 years	2,934	—
Between 2 and 5 years	2,342	—
	<hr/>	<hr/>
	7,424	—
Less: Non-current portion	(5,276)	—
	<hr/>	<hr/>
Current portion	2,148	—
	<hr/>	<hr/>

Notes to the Condensed Consolidated Financial Information

16 EXPENSES BY NATURE

Expenses included in cost of sales, selling and marketing costs and administrative expenses are analysed as follows:

	Unaudited For the six months ended 30 June	
	2019	2018
Depreciation and amortisation	509,002	492,470
Employee benefit expenses	693,980	570,798
Cost of inventories	3,668,882	3,684,869
Other selling expenses (including transportation and advertising costs)	250,517	228,177
Operating lease payments in respect of land and buildings	1,250	1,214
(Reversal of provision for)/provision for impairment of trade and other receivables, net	(597)	581
Other expenses, net	<u>940,634</u>	<u>968,623</u>
Total cost of sales, selling and marketing costs and administrative expenses	<u>6,063,668</u>	<u>5,946,732</u>

Notes to the Condensed Consolidated Financial Information

17 OTHER GAINS — NET

	Unaudited For the six months ended 30 June	
	2019	2018
Losses on disposal and written-off of property, plant and equipment, net	(27,732)	(2,414)
Loss on impairment of inventories	(3,639)	—
Unrealised fair value losses on financial assets at FVTPL	(18,690)	—
Gain on disposal of financial assets at FVTPL	10,663	—
Gain on dilution of interests in an associate	147,701	—
Gain on disposal of interests in an associate	485,659	—
Other foreign exchange gains, net	11,283	42,865
Others	10,974	—
	<u>616,219</u>	<u>40,451</u>

18 FINANCE INCOME AND FINANCE COSTS

FINANCE INCOME

	Unaudited For the six months ended 30 June	
	2019	2018
Interest income on short-term bank deposits	<u>43,672</u>	<u>33,044</u>

Note: The average deposit interest rate in the PRC was approximately 3.7% per annum during the reporting period.

Notes to the Condensed Consolidated Financial Information

18 FINANCE INCOME AND FINANCE COSTS (Continued)

FINANCE COST

	Unaudited For the six months ended 30 June	
	2019	2018
Interest on bank borrowings	163,222	112,042
Less: interest expenses capitalised under construction in progress	<u>(22,471)</u>	<u>(16,996)</u>
	<u>140,751</u>	<u>95,046</u>

19 INCOME TAX EXPENSE

	Unaudited For the six months ended 30 June	
	2019	2018
Current income tax		
– Hong Kong profits tax (Note a)	8,435	4,330
– PRC corporate income tax (Note b)	219,856	314,945
– Overseas income tax (Note c)	412	686
Deferred income tax (Note d)		
– Origination of temporary differences	<u>11</u>	<u>—</u>
	<u>228,714</u>	<u>319,961</u>

Notes to the Condensed Consolidated Financial Information

19 INCOME TAX EXPENSE (Continued)

Notes:

a. Hong Kong profits tax

Hong Kong profits tax has been provided at the rate of 16.5% (2018: 16.5%) on the estimated assessable profits for the period.

b. PRC corporate income tax ("CIT")

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. The applicable CIT rates for major subsidiaries located in Deyang, Dongguan, Jiangmen, Shenzhen, Tianjin, Wuhu and Yingkou are 25% (2018: 25%). Thirteen (2018: thirteen) major subsidiaries in Deyang, Dongguan, Jiangmen, Shenzhen, Tianjin, Wuhu and Yingkou enjoy high-tech enterprise income tax benefit and are entitled to a preferential tax treatment of reduction in CIT rate to 15%.

c. Overseas income tax

Taxation on overseas profits has been calculated on the estimated assessable profits for the periods ended 30 June 2019 and 2018 at the rates of taxation prevailing in the countries in which the Group operates.

d. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled.

e. Withholding tax on remitted earnings

Withholding tax on remitted earnings from the PRC companies was ranging from 5% to 10%, and there is no withholding tax on remitted earnings from the Malaysian companies.

f. For the six months period ended 30 June 2019, dividends of RMB545.0 million from our PRC subsidiaries were re-invested directly as share capital to our other PRC subsidiaries. The respective PRC withholding taxes were waived by these direct re-investment arrangements under current PRC tax policy.

Notes to the Condensed Consolidated Financial Information

20 DIVIDENDS

	For the six months ended 30 June	
	2019	2018
Final dividend payable for 2018 of 27.0 HK cents (2017: 28.0 HK cents) per Share	1,082,087	1,124,087
Declared interim dividend of 25.0 HK cents (2018: 25.0 HK cents) per Share	1,001,718	999,332
	<u>2,083,805</u>	<u>2,123,419</u>

Note:

At a meeting of the Board held on 7 August 2019, the Directors declared an interim dividend of 25.0 HK cents per Share for the six months ended 30 June 2019. The amount of 2019 proposed interim dividend is based on 4,006,870,447 shares in issue as at 31 July 2019.

This interim dividend is not reflected as a dividend payable in this unaudited condensed consolidated financial information, but will be deducted from the retained earnings of the Company in the year ending 31 December 2019.

Notes to the Condensed Consolidated Financial Information

21 EARNINGS PER SHARE

BASIC

Basic earnings per Share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of Shares in issue during the period.

	Unaudited For the six months ended 30 June	
	2019	2018
Profit attributable to equity holders of the Company (HK\$'000)	2,124,768	2,007,524
Weighted average number of Shares in issue (thousands)	4,001,054	4,019,079
Basic earnings per Share (HK cents per Share)	<u>53.1</u>	<u>50.0</u>

DILUTED

Diluted earnings per Share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential shares. The Group has following dilutive potential ordinary shares: share options in issue. The calculation for share options is 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 for the period) based on the monetary value of the subscription rights attached to the outstanding share options. The number of Shares calculated as above is compared with the number of Shares that would have been issued assuming the exercise of the share options.

Notes to the Condensed Consolidated Financial Information

21 EARNINGS PER SHARE (Continued)

DILUTED (Continued)

	Unaudited For the six months ended 30 June	
	2019	2018
Earnings		
Profit attributable to equity holders of the Company (HK\$'000)	2,124,768	2,007,524
Share of profit of an associate as a result of diluted earnings at associate level (HK\$'000)	(49)	(103)
	<u>2,124,719</u>	<u>2,007,421</u>
Weighted average number of Shares in issue (thousands)	4,001,054	4,019,079
Adjustments for:		
Share options (thousands)	15,463	33,138
	<u>4,016,517</u>	<u>4,052,217</u>
Weighted average number of Shares for diluted earnings per Share (thousands)		
	<u>52.9</u>	<u>49.5</u>
Diluted earnings per Share (HK cents per Share)		

Notes to the Condensed Consolidated Financial Information

22 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

FAIR VALUE ESTIMATION

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities that are measured at fair value at 30 June 2019 and 31 December 2018.

	Level 1	Level 2	Level 3	Total
At 30 June 2019				
Assets				
Financial assets at FVOCI				
– Equity securities	36,106	—	—	36,106
Financial assets at FVTPL				
– Equity securities	<u>287,167</u>	<u>—</u>	<u>—</u>	<u>287,167</u>
	Level 1	Level 2	Level 3	Total
At 31 December 2018				
Assets				
Financial assets at FVOCI				
– Equity securities	38,513	—	—	38,513
Financial assets at FVTPL				
– Equity securities	<u>44,090</u>	<u>—</u>	<u>—</u>	<u>44,090</u>

22 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(Continued)

FAIR VALUE ESTIMATION (Continued)

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. Instruments included in level 1 at 30 June 2019 comprised financial assets at FVOCI and financial assets at FVTPL.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

During six months ended 30 June 2019, there were no transfer between Level 1 and Level 2, or transfer into or out of Level 3 (2018: Nil). The group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Notes to the Condensed Consolidated Financial Information

23 COMMITMENTS

CAPITAL COMMITMENTS

Capital expenditure at the end of reporting date but not yet incurred is as follows:

	As at	
	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Land use right and property, plant and equipment – contracted but not provided for	<u>1,561,927</u>	<u>909,120</u>

Notes to the Condensed Consolidated Financial Information

24 RELATED PARTY TRANSACTION

The following transactions were carried out with related parties:

(A) TRANSACTION WITH RELATED PARTIES

	Unaudited For the six months ended 30 June	
	2019	2018
Purchases of goods from associates		
– Tianjin Wuqing District Xinke Natural Gas Investment Company Limited	125,510	125,964
– Beihai Yiyang Mineral Company Limited	107,801	119,274
– Dongyuan County Xinhuali Quartz Sand Company Limited	23,846	24,171
– A subsidiary of Xinyi Solar	1,041	2,788
	<hr/>	<hr/>
Purchases of goods from a related party		
– An entity controlled by the ultimate controlling parties	735	291
	<hr/>	<hr/>
Management fee paid to a related party		
– An entity controlled by the ultimate controlling parties	783	1,054
	<hr/>	<hr/>
Processing fee from lithium battery energy storage product paid to a related party		
– An entity controlled by the ultimate controlling parties	15,638	29,379
	<hr/>	<hr/>
Sales of goods to an associate		
– A subsidiary of Xinyi Solar	46,833	118,515
	<hr/>	<hr/>
Sales of goods to related parties		
– Entities controlled by the ultimate controlling parties	1,484	16,535
– An entity controlled by the ultimate controlling parties	2,393	2,587
	<hr/>	<hr/>
Sales of machineries to an associate		
– A subsidiary of Xinyi Solar	36,579	35,760
	<hr/>	<hr/>
Consultancy income received from an associate		
– A subsidiary of Xinyi Solar	427	431
	<hr/>	<hr/>

Notes to the Condensed Consolidated Financial Information

24 RELATED PARTY TRANSACTION (Continued)

(A) TRANSACTION WITH RELATED PARTIES (Continued)

	Unaudited For the six months ended 30 June	
	2019	2018
Rental income received from an associate		
– A subsidiary of Xinyi Solar	<u>2,790</u>	<u>3,535</u>
Rental income received from a related party		
– An entity controlled by the ultimate controlling parties	<u>134</u>	<u>60</u>
Rental expenses paid to an associate		
– A subsidiary of Xinyi Solar	<u>534</u>	<u>568</u>
Share option income received from a related party		
– An entity controlled by the ultimate controlling parties	<u>14</u>	<u>74</u>
Transportation fee received from an associate		
– A subsidiary of Xinyi Solar	<u>—</u>	<u>1,969</u>
Purchase of property, plant and equipment from an associate		
– A subsidiary of Xinyi Solar	<u>191</u>	<u>—</u>
EPC service fee paid to an associate		
– A subsidiary of Xinyi Solar	<u>216</u>	<u>—</u>
Purchase of consumables from an associate		
– A subsidiary of Xinyi Solar	<u>776</u>	<u>—</u>
Management fee paid to an associate		
– A subsidiary of Xinyi Solar	<u>630</u>	<u>—</u>

Notes to the Condensed Consolidated Financial Information

24 RELATED PARTY TRANSACTION (Continued)

(B) PERIOD/YEAR-END BALANCES WITH RELATED PARTIES

	As at	
	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Balance with/loan advance to an associate		
– Dongyuan County Xinhuali Quartz Sand Company Limited	<u>36,740</u>	<u>36,858</u>
Receivable from an associate arising from sales of machineries and land parcel		
– A subsidiary of Xinyi Solar	<u>80,804</u>	<u>99,994</u>
Receivable from an associate arising from provision of consultancy services		
– A subsidiary of Xinyi Solar	<u>73</u>	<u>71</u>
Receivable from an associate arising from sales of goods		
– A subsidiary of Xinyi Solar	<u>227</u>	<u>—</u>
Receivable from related parties arising from sale of good		
– An entity controlled by the ultimate controlling parties	3,172	953
– Entities controlled by the ultimate controlling parties	<u>382</u>	<u>—</u>
Payable to a related party arising from processing fees		
– An entity controlled by the ultimate controlling parties	<u>1,460</u>	<u>1,911</u>

INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

As the Group recorded an increase in net profit for the six months ended 30 June 2019 as compared with the six months ended 30 June 2018, the Directors consider that the Group has achieved a remarkable level of profitability. The Directors are pleased to declare an interim dividend of 25.0 HK cents per Share for the six months ended 30 June 2019 (2018: 25.0 HK cents) to be paid to all shareholders (the “Shareholders”) of the Company whose names are recorded on the register of members of the Company as at the close of business on Monday, 26 August 2019. The interim dividend is payable on or before Tuesday, 3 September 2019.

The Company’s register of members will be closed from Thursday, 22 August 2019 to Monday, 26 August 2019 (both days inclusive), and during this period no transfer of Shares will be registered. In order to qualify for the interim dividend, all transfers of Shares accompanied by the relevant Share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, for registration by 4:30 p.m. on Wednesday, 21 August 2019.

PURCHASE, SALE OR REDEMPTION OF SHARES

There was no purchase, sale or redemption by the Company, or any of its subsidiaries, of any listed securities of the Company during the period ended 30 June 2019.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied with the applicable code provisions of the Code on Corporate Governance Code as set forth in Appendix 14 to The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) during the six months ended 30 June 2019.

Further Information on the Group

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted The Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set forth in Appendix 10 to the Listing Rules as the code for securities transactions by the Directors. The Company has made specific enquiries with the Directors and all of the Directors have confirmed that they have complied with the Model Code throughout the six-month period ended 30 June 2019.

CHANGES IN DIRECTORS’ INFORMATION

Pursuant to Rule 13.5B(1) of the Listing Rules, the changes in directors’ information are as follows:

In November 2018, our chairman and executive director Dr. LEE Yin Yee, B.B.S. was appointed to act as chairman and non-executive director of Xinyi Energy Holdings Limited (“**Xinyi Energy**”). On 28 May 2019, Xinyi Energy (stock code: 03868) was spun off from Xinyi Solar Holdings Limited (“**Xinyi Solar**”) (stock code: 00968) and became separately listed on the main board of the Stock Exchange. Dr. LEE Yin Yee, B.B.S. has been re-designated as an executive director of the Xinyi Solar with effect from 28 May 2019.

In November 2018, our chief executive officer and executive director Tan Sri Datuk TUNG Ching Sai *P.S.M., D.M.S.M.* was appointed to act as vice chairman and executive director of Xinyi Energy. On 28 May 2019, Xinyi Energy (stock code: 03868) was spun off from Xinyi Solar (stock code: 00968) and became separately listed on the main board of the Stock Exchange. Tan Sri Datuk TUNG Ching Sai *P.S.M., D.M.S.M.* has been re-designated as a non-executive director of the Xinyi Solar with effect from 28 May 2019.

AUDIT COMMITTEE

The Company has established an audit committee, comprising five independent non-executive Directors, with written terms of reference in compliance with the requirements of the Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group and to provide comments and give advice to the Board.

REVIEW OF THE INTERIM RESULTS

The Company’s interim results for the six months ended 30 June 2019 have not been audited but have been reviewed by the Company’s audit committee.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As of 30 June 2019, the interests and short positions of the Directors and chief executive of the Company in the Shares, the underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which the Directors or the chief executive were taken or deemed to have under such provisions) and the Model Code were as follows:

THE COMPANY

Long positions in the Shares

Name of Directors	Nature of interest	Number of Shares held	Percentage of the Company's issued share capital
Dr. LEE Yin Yee, B.B.S.	Interest of a controlled corporation (Note a)	725,209,552	18.09%
	Interest of a controlled corporation (Note m)	29,574,000	0.74%
	Personal interest (Note b)	129,380,000	3.23%
Mr. TUNG Ching Bor	Interest of a controlled corporation (Note c)	266,766,456	6.65%
	Interest of a controlled corporation (Note m)	29,574,000	0.74%
	Personal interest (Note d)	38,086,000	0.95%
Tan Sri Datuk TUNG Ching Sai P.S.M., D.M.S.M.	Interest of a controlled corporation (Note e)	246,932,579	6.16%
	Interest of a controlled corporation (Note m)	29,574,000	0.74%
	Personal interest	2,908,000	0.07%
	Personal interest (Note f)	126,512,000	3.16%
Mr. LI Ching Wai	Interest of a controlled corporation (Note g)	116,580,868	2.91%
	Interest of a controlled corporation (Note m)	29,574,000	0.74%
	Personal interest	3,000,000	0.07%

Further Information on the Group

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS (Continued)

THE COMPANY (Continued)

Long positions in the Shares (Continued)

Name of Directors	Nature of interest	Number of Shares held	Percentage of the Company's issued share capital
Mr. NG Ngan Ho	Interest of a controlled corporation (<i>Note h</i>)	77,853,912	1.94%
	Interest of a controlled corporation (<i>Note m</i>)	29,574,000	0.74%
	Personal interest	3,100,000	0.08%
Mr. SZE Nang Sze	Interest of a controlled corporation (<i>Note i</i>)	105,630,781	2.63%
	Interest of a controlled corporation (<i>Note m</i>)	29,574,000	0.74%
	Personal interest	11,490,000	0.29%
Mr. LI Ching Leung	Interest of a controlled corporation (<i>Note j</i>)	77,853,911	1.94%
	Interest of a controlled corporation (<i>Note m</i>)	29,574,000	0.74%
	Personal interest	5,494,000	0.14%
	Personal interest (<i>Note k</i>)	400,000	0.01%
Rev. Dr. TRAN Chuen Wah, John	Personal interest (<i>Note l</i>)	140,000	0.00%
	Personal interest	10,000	0.00%

Notes:

- (a) Dr. LEE Yin Yee's interests in the Shares are held through Realbest Investment Limited ("Realbest"), a company incorporated in the British Virgin Islands (the "BVI") with limited liability on 2 July 2004 and wholly-owned by Dr. LEE Yin Yee.
- (b) Dr. LEE Yin Yee's interests in the Shares are held through a joint account with his spouse, Madam TUNG Hai Chi.
- (c) Mr. TUNG Ching Bor's interests in the Shares are held through High Park Technology Limited ("High Park"), a company incorporated in the BVI with limited liability on 1 July 2004 and wholly-owned by Mr. TUNG Ching Bor.
- (d) Mr. TUNG Ching Bor's interests in the Shares are held through a joint account with his spouse, Madam KUNG Sau Wai.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS (Continued)

THE COMPANY (Continued)

Long positions in the Shares (Continued)

Notes: (Continued)

- (e) Tan Sri Datuk TUNG Ching Sai P.S.M, D.M.S.M's interests in the Shares are held through Copark Investment Limited ("**Copark**"), a company incorporated in the BVI with limited liability on 2 July 2004 and wholly- owned by Tan Sri Datuk. TUNG Ching Sai P.S.M, D.M.S.M.
- (f) Tan Sri Datuk TUNG Ching Sai P.S.M, D.M.S.M's interests in the Shares are held through his spouse, Madam SZE Tang Hung.
- (g) Mr. LI Ching Wai's interests in the Shares are held through Goldbo International Limited ("**Goldbo**"), a company incorporated in the BVI with limited liability on 2 July 2004 and wholly-owned by Mr. LI Ching Wai.
- (h) Mr. NG Ngan Ho's interests in the Shares are held through Linkall Investment Limited ("**Linkall**"), a company incorporated in the BVI with limited liability on 2 July 2004 and wholly-owned by Mr. NG Ngan Ho.
- (i) Mr. SZE Nang Sze's interests in the Shares are held through Goldpine Limited ("**Goldpine**"), a company incorporated in the BVI with limited liability on 2 July 2004 and wholly-owned by Mr. SZE Nang Sze.
- (j) Mr. LI Ching Leung's interests in the Shares are held through Herosmart Holdings Limited ("**Herosmart**"), a company incorporated in the BVI with limited liability on 1 July 2004 and wholly-owned by Mr. LI Ching Leung.
- (k) Mr. LI Ching Leung's interests in the Shares are held through a joint account with his spouse, Madam DY Maria Lumin.
- (l) Rev. Dr. TRAN Chuen Wah, John's interest in the Shares are held through his spouse, Madam LAM Ying.
- (m) The interest 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 as to 33.98%, Mr. TUNG Ching Bor as to 16.20%, Tan Sri Datuk TUNG Ching Sai P.S.M, D.M.S.M as to 16.20%, Mr. LEE Sing Din as to 11.85%, Mr. LI Ching Wai as to 5.56%, Mr. NG Ngan Ho as to 3.70%, Mr. LI Man Yin as to 3.70%, Mr. SZE Nang Sze as to 5.09% and Mr. LI Ching Leung as to 3.70%.

Further Information on the Group

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS (Continued)

ASSOCIATED CORPORATIONS

Name of associated corporations	Name of Director	Class and number of shares held in the associated corporation	Approximate shareholding percentage
Realbest (Note p)	Dr. LEE Yin Yee, B.B.S.	2 ordinary shares	100%
High Park (Note q)	Mr. TUNG Ching Bor	2 ordinary shares	100%
Copark (Note r)	Tan Sri Datuk TUNG Ching Sai P.S.M, D.M.S.M	2 ordinary shares	100%
Goldbo (Note t)	Mr. LI Ching Wai	2 ordinary shares	100%
Linkall (Note u)	Mr. NG Ngan Ho	2 ordinary shares	100%
Goldpine (Note v)	Mr. SZE Nang Sze	2 ordinary shares	100%
Herosmart (Note w)	Mr. LI Ching Leung	2 ordinary shares	100%
Full Guang (Note x)	Dr. LEE Yin Yee, B.B.S.	734,000 ordinary shares	33.98%
	Mr. TUNG Ching Bor	350,000 ordinary shares	16.20%
	Tan Sri Datuk TUNG Ching Sai P.S.M, D.M.S.M	350,000 ordinary shares	16.20%
	Mr. LI Ching Wai	120,000 ordinary shares	5.56%
	Mr. NG Ngan Ho	80,000 ordinary shares	3.70%
	Mr. SZE Nang Sze	110,000 ordinary shares	5.09%
	Mr. LI Ching Leung	80,000 ordinary shares	3.70%

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS (Continued)

ASSOCIATED CORPORATIONS (Continued)

Notes:

- (p) Realbest is wholly-owned by Dr. LEE Yin Yee, B.B.S.
- (q) High Park is wholly-owned by Mr. TUNG Ching Bor.
- (r) Copark is wholly-owned by Tan Sri Datuk TUNG Ching Sai P.S.M, D.M.S.M.
- (s) Telerich Investment Limited is wholly-owned by Mr. LEE Sing Din.
- (t) Goldbo is wholly-owned by Mr. LI Ching Wai.
- (u) Linkall is wholly-owned by Mr. NG Ngan Ho.
- (v) Goldpine is wholly-owned by Mr. SZE Nang Sze.
- (w) Herosmart is wholly-owned by Mr. LI Ching Leung.
- (x) Full Guang is owned by Dr. LEE Yin Yee as to 33.98%, Mr. TUNG Ching Bor as to 16.20%, Tan Sri Datuk TUNG Ching Sai P.S.M, D.M.S.M as to 16.20%, Mr. LI Ching Wai as to 5.56%, Mr. NG Ngan Ho as to 3.70%, Mr. SZE Nang Sze as to 5.09% and Mr. LI Ching Leung as to 3.70%.

Save as disclosed above, as of 30 June 2019, to the knowledge of the Company, none of the Directors or chief executive of the Company had or was deemed under the SFO to have any interests or short positions in any of the Shares or the underlying share and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be recorded pursuant to section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Divisions 7 and 8 of Part XV of the SFO or to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Further Information on the Group

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As of 30 June 2019, the interests and short positions of the persons, other than Directors and chief executive of the Company, in the Shares and the underlying Shares of the Company, as notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO; or as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO, were as follows:

THE COMPANY

Long positions in the Shares

Name of Shareholders	Number of Shares held	Capacity	Percentage of the Company's issued share capital
Realbest	725,209,552	Registered and beneficial owner	18.09%
High Park	266,766,456	Registered and beneficial owner	6.65%
Copark	246,932,579	Registered and beneficial owner	6.16%
Telerich Investment Limited (Note)	251,595,089	Registered and beneficial owner	6.28%

Note: The entire issued share capital of Telerich Investment Limited is beneficially owned by Mr. LEE Sing Din, brother-in-law of Dr. LEE Yin Yee, B.B.S..

Save as disclosed above, the Directors are not aware of any persons who were directly or indirectly interested in 10% or more of the shares then in issue, or equity interest in any member of the Group representing 10% or more of the equity interest in such company, or who had any interests or short positions in the shares and underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as at 30 June 2019.

EXECUTIVE DIRECTORS

Dr. LEE Yin Yee, B.B.S. (Chairman) ø~<
Mr. TUNG Ching Bor (Vice Chairman)
Tan Sri Datuk TUNG Ching Sai P.S.M.,
D.M.S.M. (Chief Executive Officer) <ø
Mr. LEE Shing Kan

NON-EXECUTIVE DIRECTORS

Mr. LI Ching Wai
Mr. SZE Nang Sze
Mr. LI Ching Leung
Mr. NG Ngan Ho

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LAM Kwong Siu, S.B.S. # *+ < ø
Mr. WONG Chat Chor Samuel # <ø
Dr. WONG Ying Wai, G.B.S., JP # <ø
Rev. Dr. TRAN Chuen Wah, John #
Mr. TAM Wai Hung, David #

- * Chairman of audit committee
- # Members of audit committee
- + Chairman of remuneration committee
- ø Members of remuneration committee
- ~ Chairman of nomination committee
- < Members of nomination committee

COMPANY SECRETARY

Mr. LAU Sik Yuen, FCPA, AICPA

REGISTERED OFFICE

P.O. Box 1350 GT, Clifton House,
75 Fort Street
George Town, Grand Cayman
KY1-1108
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 2101-2108, 21st Floor
Rykadan Capital Tower
135 Hoi Bun Road
Kwun Tong, Kowloon
Hong Kong

LEGAL ADVISER

Squire Patton Boggs
29th Floor, Edingburgh Tower
The Landmark
15 Queen's Road Central
Central
Hong Kong

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
22nd Floor, Prince's Building
Central, Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong)
Bank of East Asia
Citibank, N.A.
Credit Industriel et Commercial
(Hong Kong Branch)
DBS Bank
First Abu Dhabi Bank
Hang Seng Bank
HSBC
Hua Nan Commercial Bank (Macau Branch)
Korean Development Bank Asia
Malayan Banking Berhad
Mizuho Bank
MUFG Bank
Nanyang Commercial Bank

Corporate Information

Standard Chartered Bank
State Bank of India (Hong Kong Branch)
Sumitomo Mitsui Banking Corporation
Bank of China
Bank of Communications
Ping An Bank
China Citic Bank
Huishang Bank
Industrial and Commercial Bank of China
Industrial Bank
Shanghai Pudong Development Bank

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor
Services Limited
Rooms 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Estera Trust (Cayman) Limited
P. O. Box 1350 GT, Clifton House
75 Fort Street
George Town, Grand Cayman
KY1-1108
Cayman Islands

WEBSITE

<http://www.xinyiglass.com>

SHARE INFORMATION

Place of listing: Main Board of The Stock
Exchange of Hong Kong Limited
Stock code: 00868
Listing date: 3 February 2005
Board lot: 2,000 ordinary shares
Financial year end: 31 December
Share issued and fully paid as of the
date of this interim report:
4,006,870,447 Shares
Share price as of the date of this
interim report: HK\$7.58
Market capitalisation as of the date
of this interim report:
Approximately HK\$30.37 billion

KEY DATES

Closure of register of members:
22 August 2019 to 26 August 2019
(both days inclusive)
Proposed interim dividend payable date:
On or before 3 September 2019