



信義玻璃控股有限公司

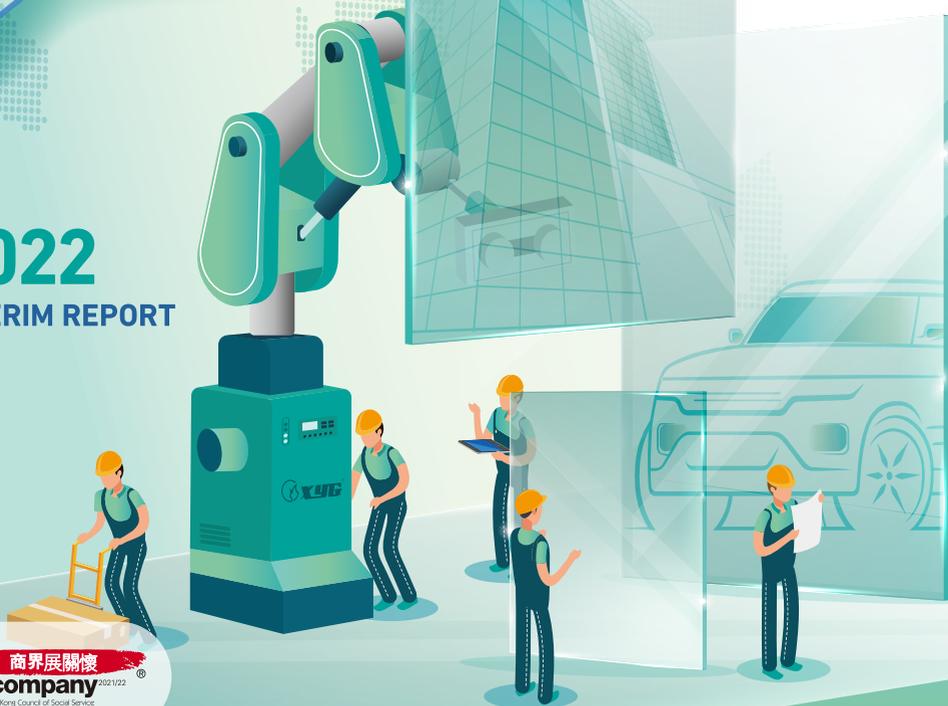
XINYI GLASS HOLDINGS LIMITED *Since 1988*

(Incorporated in the Cayman Islands with limited liability)

Stock code: 00868.HK

HKEX
香港交易所
Xinyi Glass
Becoming HSI

2022 INTERIM REPORT



商界展關懷

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Financial Highlights

	Six months ended 30 June	Year ended 31 December	
(in HK\$'000)	2022 (Unaudited)	2021 (Unaudited)	2021 (Audited)
Turnover	13,649,417	13,575,531	30,459,120
Profit before income tax	3,898,907	6,301,751	13,501,721
Profit attributable to Company's equity holders	3,304,917	5,376,967	11,555,887
Dividends	1,614,136	2,676,199	5,734,355
Equity attributable to Company's equity holders	32,810,494	31,206,849	34,598,647
(number of ordinary shares ("Share") in '000)			
Weighted average number of Shares in issue	4,025,507	4,032,138	4,026,807
(in Hong Kong cents)			
Earnings per Share - basic	82.1	133.4	287.0
Earnings per Share - diluted	81.5	131.7	283.4
Dividends per Share	40.0	66.0	142.0
Equity attributable to Company's equity holders per Share	813.08	769.8	861.0

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 unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2022.

In comparison with the same period in 2021, turnover of the Group increased by 0.5% to HK\$13,649.4 million during the six months ended 30 June 2022. The net profit attributable to equity holders of the Company for the review period decreased by 38.5%, to HK\$3,304.9 million. Basic earnings per Share was 82.1 HK cents, as compared with 133.4 HK cents for the same period in 2021.

The Board considers that the Group has achieved a reasonable level of profitability in an unfavorable market condition. Hence, the Board is pleased to declare an interim dividend of 40.0 HK cents per Share.

I present below an overview of the business of the Group for the six months ended 30 June 2022 and key development highlights for the coming half year.

BUSINESS REVIEW

The PRC glass industry encounters a difficult period during the six months ended 30 June 2022 due to the slow demand from the domestic market.

The PRC property market has been weakened since the fourth quarter in 2021 due to the debt crisis of China Evergrande. The high inflation rate in the overseas markets leads the increase in the borrowing interest rates and higher international logistics costs. Also, global energy and food prices are increased due to the Russia Ukraine war. Those factors dampened the glass markets. As a result, the Group's operations in the automobile glass, architectural glass and the float glass segments encountered unexpected challenges and more importantly, opportunities that emerged.

Chairman's Statement

The Group's net profit for the six months ended 30 June 2022 was dropped by 38.5%, mainly due to the lower average selling prices and high production costs of float glass products in the PRC. The Group implemented stringent policies on production costs and energy conservation to enhance the cost control. Also, the Group refined in the product mix of float glass, automobile glass and architectural glass, focusing on high value-added and structure-upgraded glass products. As for operations, the Group streamlined production logistics and adopted effective marketing strategies for its architectural glass and automobile glass products. The depreciation of Renminbi creates a favourable environment for the overseas business growth of the Group.

The PRC's float glass industry has experienced weak demand for the six months ended 30 June 2022. This has been reflected by the decrease of the average selling prices during the six months ended 30 June 2022, primarily driven by the low completion rate of real estate industry in the PRC. On the other hand, in order to achieve the nation's carbon neutral policy, the PRC government is still restricting the granting of new approval for new capacity of float glass, thus limiting the supply of float glass.

As more PRC private property developers encounter liquidity issues, the architectural glass business has focused on the new glass projects which are led by government related or strong financial property developers. The sales volume of the architectural glass products posted growth, even though construction projects slowed down since the fourth quarter of 2021 due to the tight capital chains of property developers in the PRC. The demand for the architectural energy-saving Low-E glass is good in the first half of the year. As a result, supported by aggressive marketing strategy and a wide range of value-added and advanced structured glass products, the Group has maintained a reasonable growth in sales of the architectural glass segment.

Our marketing and production strategies for the automobile glass business in 2022 would focus on tackling challenges on import tariff imposed by the US government and the increase in the international freight costs, as well as achieving a sales growth seizing the opportunities of economic rebound after the wake of COVID-19 pandemic in overseas markets. The Group has developed new glass products for applications on advanced driver assistance systems ("ADAS"), head up displays ("HUD"), sound proofing, low-e coating, sunroofs, and value-added parts that are suitable for both new and existing car models, as well as the EV models, and are ready to be launched as and when appropriate.

The Group has been exploring new opportunities in the PRC and overseas while strengthening existing customers relationships for the purpose of increasing the sales volume for both new and existing product models. The Group's automobile glass products are sold to customers in over 130 countries or territories.

As one of the principal players in the global glass industry, the Group has secured its market-leading position and enhanced its economies of scale through strategic expansion and acquisition of production capacities across different product segments, that incorporate streamlined production process at different locations in the PRC and Malaysia. The Group has also acquired additional float glass production facilities in the PRC for the purpose of increasing the production capacity under the national supply-side reform policy in previous years.

The Group has also implemented a series of measures that contributed to the performance of the Group. Such measures include enhancing cost controls on the supply and consumption of raw materials, owning and operating silica sand mines and supply chain and recycling of principal raw materials. Furthermore, the Group has also re-engineered its production process to boost production efficiency, employed rooftop distributed solar power generation system and low-temperature recycling residual heat power co-generation systems to generate electricity and hot water for internal consumption and implemented energy conservation scheme, which at the same time are also in line with the national carbon neutral policy.

To maintain its competitiveness, the Group will continue to developing and launching a range of unique glass products with high value-added features, accessories and specialties, adopting proactive pricing and flexible marketing strategies and make use of the favorable policies implemented under the Thirteenth Five-Year Plan of the PRC government.

Chairman's Statement

IMPROVED PRODUCTIVITY, PRODUCT QUALITY, TECHNOLOGY AND ECONOMIES OF SCALE TO ENHANCE PRODUCTION EFFICIENCY AND NEW PRODUCTS DEVELOPMENT BY NEW RESEARCH AND DEVELOPMENT ("R&D") INVESTMENTS

Continuing R&D investments by the Group in new materials, production engineering, information technology, big data analysis, environmental control, and carbon neutrality awareness as well as improvements made to the production process, automation and equipment maintenance programs, have enhanced its productivity and yield rate, thus, reducing the carbon emissions, wastage, overall labour, production and energy costs during the six months ended 30 June 2022.

The Group's engineering and design division has designed the latest world-class, environmental friendly and larger capacity float glass production lines in the PRC and Malaysia. The economies of scale have enabled the generation of significant cost savings in the procurement and production process and they also facilitated the increased efficiency in the use of fuel and principal raw materials. To further control the energy costs and carbon emissions, the Group increasingly uses clean environmental-friendly energy by employing the rooftop distributed solar power generation system and the low-temperature recycling residual heat power co-generation systems to support the electricity consumption.

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

The R&D team continuous to develop new glass products, low-e coating materials and features and improve product quality to capture the new market and business opportunities.

EXPANSION OF HIGH VALUE-ADDED PRODUCT MIX AND GLOBAL COVERAGE WHICH ENHANCES THE GROUP'S OVERALL COMPETITIVENESS

While the COVID-19 pandemic was prevalent and markets were competitive, the Group achieved an outstanding results in the automobile glass, architectural glass and high-quality float glass businesses in compare with other glass manufacturers. These demonstrated the Group's diversified business segments, integrated production chain, global market coverage, upgraded product structure, state-of-art production lines and the expanded high value-added product mix could ease operational pressures and risks in any specific business segment or country despite an uncertain and competitive market environment.

STRONG FINANCIAL POSITION AND RESOURCES TO FUTURE EXPANSION

The Group has solid financial position with HK\$13,616.5 million cash and bank deposits and with low net debt gearing ratio of 6.58% as at 30 June 2022. The Group's good credit history has resulted in its effective borrowing rate at 1.24%. During the six months ended 30 June 2022, the Group has obtained a total of HK\$1,350 million green loans, demonstrating its ability to secure financing from multiple channels to support capital expenditure and future expansion.

BUSINESS OUTLOOK

Through its continued adoption of advanced technologies at its facilities and unifying management to further improve operational efficiency and product quality control. The Group will continue to adopt and enhance flexible strategies in production and supply chains, logistics and marketing strategies to maintain its leadership and competitive position of global glass manufacturers.

In response to the stricter environmental standards about air emissions under the national carbon neutral policy, the PRC government has continued its tightened supply-side reform policies on the establishment of new float glass production capacity, acquisition of existing idle capacity and phase-out obsolete and non-compliant float glass production lines. The Group is embarking on prudent and flexible strategies in response to the current situation of the float glass market in the PRC and in global markets.

Chairman's Statement

The Group expects the prices for soda ash may be less volatile in the second half of 2022, as compared to 2021, due to the increase in global supply in the PRC glass market. Energy costs may also be higher than 2021 as higher crude oil price in global market. Thus, the Group is cautiously optimistic on the prospects for the float glass market, as well as on the average selling price trend in peak season in the second half of 2022.

The first silica sand mine and processing factory of the Group in Beihai, Guangxi Zhuang Autonomous Region commenced operation since the end of 2020. It represents the Group will be able to achieve a higher integration of glass production flow and better control of major raw material costs and quality. The Group will continue to explore more opportunities on new sources of raw materials in Asia in future.

The Sino-US trade dispute has had an adverse impact on the additional import tariff pressures on both the US aftermarket automobile glass customers and our Company, and this impact may have breakthrough in second half of 2022 as the US government might decrease this additional import tariff to mitigate the US inflation rate pressure.

It is expected that the PRC government would launch further relax and proactive economic and monetary policies to stimulate the domestic consumption cycle and stabilise the property market in near future. The policies provide for the completion of building projects and delivery to purchasers, which would lead to more construction activities in 2022 and 2023. In turn, this would increase the demand of float glass and architectural glass.

The Directors are also optimistic on the continuous development of the Group's automobile glass aftermarket business in the global markets, as well as on the upbeat 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 and Southeast Asia, the Group is exploring the acquisitions and new expansion opportunities in the PRC and overseas, which can provide direct access to other markets, lower labour and raw material costs, better production and energy costs and more favourable tax treatment and other incentives. The Group will build a new float glass production complex in Indonesia to expand our ASEAN coverage.

The acquisition of float glass business in Hainan province in mid-2021 has strengthened the float glass capacity and the Group's market coverage in the southern part of the PRC. The second phase of the Yingkou production complex is due to be built in 2022.

In 2021, the Group has formed a new division dedicated to carbon neutrality, which will take responsibility for the planning, implementation and monitoring of the Group's carbon neutrality policies and targets. Its initiated energy conservation plan may also help to improve the overall energy cost structure of the Group.

Solar energy is among the most efficient, reliable and safe forms of renewable energy with lower installation costs than hydroelectric, nuclear and wind power. It is expected that there will be an increasing number of solar farms constructed in the PRC in the coming future in support of the national goal of "carbon neutrality" by 2060. European market has a high growth due to energy crisis by Russia Ukraine war this year. Polysilicon is an essential feedstock for photovoltaics and is widely used to manufacture conventional solar cells. A new polysilicon joint venture was formed with Xinyi Solar in Yunnan Province, which increased our green and renewable energy investments. The Directors believe that clean and renewable energy will become the dominant source of energy in the future and that they will continue to drive growth in demand for clean and renewable energy in the PRC and global market.

The Group will continue to allocate sufficient resources to R&D, enhancement of product quality and introduction of new products, models and features, as well as exploring new markets, increasing production efficiency, achieving carbon neutrality goal and conducting staff training in the interests of maintain the manufacturing safety standard, competitiveness and, ultimately, enhancing profitability.

Chairman's Statement

CONCLUSION

The Group continues to tackle and overcome challenges of different degrees amidst changes in the global market environments and adverse impact of the COVID-19 pandemic by bolstering its efficiency and increasing its profitability through more effective and flexible management across its cash management, information technology, logistics, supply chain, production, operational, marketing and R&D activities, as well as expansion of its business and continued collaboration with its customers and suppliers. The Directors believe that these will enable the Group to maximise the benefits from the domestic market, emerging markets and overseas business in addition to being cautiously optimistic about the Group's long-term business development prospects.

The Group will continue to implement proven business strategies to maintain and strengthen its growth and performance. To sustain its industry-leading position, the Group is also exploring opportunities for extending its business presence in the global glass market across a broader spectrum of industries, applications and products as well as developing other business partnerships that may turn out to be beneficial.

APPRECIATION

The Board would like to take this opportunity to express its gratitude to all shareholders, customers, suppliers, employees and business partners of the Group for their continuous support.

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

Chairman

Hong Kong, 1 August 2022

FINANCIAL REVIEW

During the six months ended 30 June 2022, the revenue and the net profit of the Group were HK\$13,649.4 million and HK\$3,304.9 million, respectively, representing a slight increase of 0.5% and significant decrease of 38.5%, as compared with HK\$13,575.5 million and HK\$5,377.0 million, respectively, for the six months ended 30 June 2021.

Revenue

The slight increase in the amount of revenue for the six-month period under review was mainly attributable to the improvement in the revenue of the Group's automobile glass and architectural glass business divisions. The low average selling prices of the float glass products during the first half of the year resulted in the revenue contributed by the float glass to decrease by 4.1% as compared with the six months ended 30 June 2021.

The increase of the amount of revenue generated from the automobile glass business was mainly attributable to the increase in the sales volume of the overseas sales of automobile glass as a result of the re-opening of the economies and social activities in major overseas markets arising from the recovery from COVID-19.

Government policies towards the PRC property market continued to be stringent during the six months ended 30 June 2022. The funding liquidity was tight and the construction activities remained very competitive during the six-month period under review. With the government policies on the environmental protection, carbon neutrality and the encouragement of energy-saving buildings in the PRC, the Directors expect that the demand for the Group's double and triple glazing architectural low emission ("Low-E") glass products will continue to increase. As a leading Asian Low-E glass manufacturer, the Group enjoys economies of scale and a nationwide and regional sales and delivery network. The increase of sales was mainly attributable to the increase in the average selling prices of a wide range of glass products (other than float glass products) and the focus on the government related and financially strong property developers as compared with the same period in 2021.

Management Discussion and Analysis

Gross Profit

The Group's gross profit for the six months ended 30 June 2022 significantly decreased by 27.2% to HK\$5,241.9 million, as compared with HK\$7,199.0 million for the six months ended 30 June 2021. The gross profit margin decreased to 38.4% during the period under review, as compared with 53.0% for the six months ended 30 June 2021.

The decrease in the float glass gross margin was a result of the reduced selling prices and the significant increases in the costs of raw materials and energy during the six months ended 30 June 2022 as a result of supply shortage in the slow market environment within the PRC. The slight increase in the gross profit margin of the automobile glass business was mainly due to the improvement in the production efficiency and the greater economies of scale from a higher sales volume. The drop of the gross profit margin of the architectural glass business was mainly due to the higher production costs during the period.

Other Income

Other income increased to HK\$414.6 million, as compared with HK\$217.9 million for the six months ended 30 June 2021. The increase was mainly attributable to the high level of government grants and interests of structured deposits received during the six months ended 30 June 2022.

Other Gains - Net

Other gains for the six months ended 30 June 2022 were HK\$120.2 million, as compared with other losses of HK\$21.0 million for the six months ended 30 June 2021. The increase was mainly due to the increase in foreign exchange gains and gain on disposal of financial assets at FVTPL incurred during the period under review, as compared with the six months ended 30 June 2021.

Selling and Marketing Expenses

Selling and marketing expenses increased by 39.7% to HK\$951.6 million for the period under review. The significant increase was mainly due to higher transportation and international freight costs incurred during the period under review.

Administrative Expenses

Administrative expenses increased by 19.0% to HK\$1,303.3 million for the six months ended 30 June 2022. The increase was principally attributable to higher expenses incurred for research and development and bank fees and charges during the six-month period under review.

Share of Profits of Associates

Share of profits of associates were mainly from the associate companies of Xinyi Solar Holdings Limited and Xinyi Energy Holdings Limited. The share profits decreased to HK\$470.3 million, compared with HK\$728.9 million for the six months ended 30 June 2021. The decrease was mainly due to the high production costs of solar glass during the first half of 2022.

Finance Costs

Finance costs increased by 78.4% to HK\$124.0 million for the six months ended 30 June 2022. The increase was principally due to the higher overall bank borrowing rate and higher bank borrowing balance during the period under review. The higher interest expenses were 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 Malaysian production complexes, and these expenses have been charged to the income statement of the Group following the commencement of commercial production at the relevant production facilities. Interest amounting to HK\$13.3 million was capitalised under construction-in-progress for the six months ended 30 June 2022.

Earnings Before Interest, Taxation, Depreciation and Amortisation ("EBITDA")

EBITDA decreased by 32.9% to HK\$4,735.1 million for the six months ended 30 June 2022, as compared with HK\$7,057.3 million for the six months ended 30 June 2021.

Management Discussion and Analysis

Income Tax Expense

Tax expense amounted to HK\$582.4 million for the six months ended 30 June 2022. The effective tax rate of the Group was slightly increased to 14.9% compared with the six months ended 30 June 2021. The decrease of the income tax expense was mainly attributable to the reduced amount of the operating profit and PRC dividend withholding tax paid during the period. 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 2022 was HK\$3,304.9 million, representing a decrease of 38.5%, as compared with the six months ended 30 June 2021. The net profit margin for the period under review decreased to 24.2% from 39.6%, principally due to the decreases in the gross profits of float glass and architectural glass.

Trade and Other Receivable

Trade and other receivables decreased 10.1% to HK\$5,098.9 million for the six months ended 30 June 2022. The decrease is mainly due to the lower trade and bills receivables amount of HK\$3,015.1 million as at 30 June 2022 in compare with HK\$4,037.9 million as at 31 December 2021.

CAPITAL EXPENDITURE AND COMMITMENTS

For the six months ended 30 June 2022, the Group incurred an aggregate capital expenditure amounting to HK\$887.9 million for the purchase of plant and machinery and the construction of factory premises at its production complexes in China and Malaysia. Capital commitment contracted for but not incurred by the Group as at 30 June 2022 amounted to HK\$1,661.3 million (31 December 2021: HK\$1,368.2 million), which were mainly related to the new capacities of architectural glass, automobile glass and float glass to be added in China and Malaysia.

CAPITAL STRUCTURE

There has been no material change in the capital structure of the Company during the six months ended 30 June 2022. The capital of the Group companies is the ordinary shares.

NET CURRENT ASSETS AND CURRENT RATIO

As at 30 June 2022, the Group had net current assets of HK\$6,304.6 million, with the current ratio of 1.39 (31 December 2021: 1.89). The decrease of net current ratio represented an increase of current liabilities but no impact to the financial position maintained in the 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 2022, 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 2022, the net cash inflow from operating activities amounted to approximately HK\$3,936.4 million (30 June 2021: HK\$2,514.6 million) and the Group had cash and cash equivalents of HK\$13,616.5 million (31 December 2021: HK\$10,295.1 million).

BANK BORROWINGS

As at 30 June 2022, total bank borrowings were HK\$15,783.5 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 2022 declared interim dividends and 2021 proposed final dividend respectively), was at 6.6% as at 30 June 2022, as compared with 15.0% as at 31 December 2021. The decrease of net gearing ratio was principally due to higher cash balances incurred during the six months ended 30 June 2022.

Management Discussion and Analysis

PLEGE OF ASSETS

As at 30 June 2022, a bank balance of HK\$97.0 million (31 December 2021: HK\$59.4 million) has been pledged as collateral principally for import duties payable to the US government.

CONTINGENT LIABILITIES

As at 30 June 2022, the Group did not have any significant contingent liabilities (2021: Nil).

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES

Save as disclosed in this report, there was no material acquisition and disposal of subsidiaries and associated companies during the six months ended 30 June 2022.

TREASURY POLICIES AND EXPOSURE TO FLUCTUATION IN FOREIGN EXCHANGE RATES

The Group's transactions are mainly denominated in Renminbi, United States dollars, Malaysia Ringgit, Euro, Australian dollars, Japanese Yen and Hong Kong dollars, with principal production activities conducted in China. As at 30 June 2022, the Group's bank borrowings were denominated in Hong Kong dollars bearing effective interest rates at 1.24% 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 2022, the Group did not use any financial instrument for hedging purposes.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2022, the Group had 14,798 full-time employees of whom 13,928 were based in China and 870 in Hong Kong and other countries and territories respectively. The Group maintains good relationship with all of its employees and provides employees with sufficient training in business and professional knowledge including information about the applications of the Group's products and skills in maintaining good client relationship. Remuneration packages offered to the Group's employees are generally consistent with prevailing markets terms and reviewed on a regular basis. Discretionary bonuses may be awarded to employees taking into consideration the Group's performance and that of individual staff.

Pursuant to applicable laws and regulations, the Group has participated in relevant defined contribution retirement schemes administered by responsible government authorities in the PRC for its employees there. The Group's employees in Hong Kong are all participating in mandatory provident fund arrangements as required by the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong).

Condensed Consolidated Balance Sheet

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

	Note	As at	
		30 June 2022 (Unaudited)	31 December 2021 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	6	17,657,294	18,784,533
Right-of-use assets	5(A)	4,437,501	4,586,664
Investment properties	7	1,592,135	1,661,384
Prepayments for property, plant and equipment and right-of-use assets	9	602,683	475,329
Intangible assets		907,448	894,245
Financial assets at fair value through other comprehensive income	21	27,441	25,275
Investments in associates	8	9,328,522	9,482,532
Loans to an associates		29,247	30,577
Fixed deposits	10	1,386,289	1,015,381
Deferred income tax assets		105,702	110,802
		<u>36,074,262</u>	<u>37,066,722</u>
Current assets			
Inventories		5,000,621	4,169,163
Trade and other receivables	9	5,098,879	5,668,580
Financial assets at fair value through profit and loss	21	345,717	314,456
Pledged bank deposits	10	96,990	59,360
Fixed deposits	10	664,483	—
Cash and cash equivalents	10	11,468,786	9,220,384
		<u>22,675,476</u>	<u>19,431,943</u>
Total assets		<u>58,749,738</u>	<u>56,498,665</u>

Condensed Consolidated Balance Sheet

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

	Note	As at	
		30 June 2022 (Unaudited)	31 December 2021 (Audited)
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	11	403,534	401,866
Share premium	11	215,918	—
Other reserves	12	3,473,249	5,717,742
Retained earnings		28,717,793	28,479,039
		<u>32,810,494</u>	<u>34,598,647</u>
Non-controlling interests		<u>111,614</u>	<u>107,877</u>
Total equity		<u>32,922,108</u>	<u>34,706,524</u>
LIABILITIES			
Non-current liabilities			
Bank and other borrowings	14	8,904,955	10,890,056
Deferred income tax liabilities		437,210	454,475
Lease liabilities	5(B)	5,353	21,513
Other payables	13	109,204	140,313
		<u>9,456,722</u>	<u>11,506,357</u>

Condensed Consolidated Balance Sheet

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

	Note	As at	
		30 June 2022 (Unaudited)	31 December 2021 (Audited)
Current liabilities			
Trade, other payables and contract liabilities	13	8,333,287	4,305,662
Current income tax liabilities		1,126,170	1,346,578
Lease liabilities	5(B)	32,956	30,867
Bank and other borrowings	14	6,878,495	4,602,677
		<u>16,370,908</u>	<u>10,285,784</u>
Total liabilities		<u>25,827,630</u>	<u>21,792,141</u>
Total equity and liabilities		<u>58,749,738</u>	<u>56,498,665</u>
Total assets less current liabilities		<u>42,378,830</u>	<u>46,212,881</u>

Condensed Consolidated Income Statement

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

		Unaudited Six months ended 30 June	
	Note	2022	2021
Revenue	4	13,649,417	13,575,531
Cost of sales	15	(8,407,536)	(6,376,499)
Gross profit		5,241,881	7,199,032
Other income	4	414,589	217,923
Other gains/(losses) – net	16	120,212	(21,031)
Selling and marketing costs	15	(951,614)	(681,028)
Administrative expenses	15	(1,303,276)	(1,094,933)
Net impairment losses on financial assets		(4,111)	(1,908)
Operating profit		3,517,681	5,618,055
Finance income	17	34,948	24,280
Finance costs	17	(124,007)	(69,500)
Share of profits of associates	8	470,285	728,916
Profit before income tax		3,898,907	6,301,751
Income tax expense	18	(582,423)	(918,551)
Profit for the period		3,316,484	5,383,200
Profit attributable to:			
– Equity holders of the Company		3,304,917	5,376,967
– Non-controlling interests		11,567	6,233
Profit for the period		3,316,484	5,383,200
Earnings per share for profit attributable to equity holders of the Company during the period (expressed in Hong Kong cents per Share)			
– Basic	20	82.1	133.4
– Diluted	20	81.5	131.7

Condensed Consolidated Statement of Comprehensive Income

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

	Unaudited Six months ended 30 June	
	2022	2021
Profit for the period	<u>3,316,484</u>	<u>5,383,200</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	2,166	14,924
Dilution of interest in an associate	(783)	—
Items that may be reclassified subsequently to the consolidated income statement:		
Currency translation differences	(1,862,716)	212,230
Share of other comprehensive income of investments accounted for using the equity method	<u>(394,320)</u>	<u>41,319</u>
Total comprehensive income for the period	<u>1,060,831</u>	<u>5,651,673</u>
Total comprehensive income for the period attributable to:		
– Equity holders of the Company	1,051,882	5,645,421
– Non-controlling interests	<u>8,949</u>	<u>6,252</u>
	<u>1,060,831</u>	<u>5,651,673</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 2021 and 1 January 2022	401,866	—	5,717,742	28,479,039	34,598,647	107,877	34,706,524	
Comprehensive income								
Profit for the period	—	—	—	3,304,917	3,304,917	11,567	3,316,484	
Other comprehensive income								
Changes in fair value of financial assets at FVOCI	—	—	2,166	—	2,166	—	2,166	
Dilution of interest in an associate	—	—	(783)	—	(783)	—	(783)	
Share of other comprehensive income of investments accounted for using equity method	—	—	(394,320)	—	(394,320)	—	(394,320)	
Currency translation differences	—	—	(1,860,098)	—	(1,860,098)	(2,618)	(1,862,716)	
Total comprehensive income	—	—	(2,253,035)	3,304,917	1,051,882	8,949	1,060,831	
Transactions with owners								
Employees share option scheme:								
– Proceeds from shares issued	11	1,668	215,918	(32,565)	—	185,021	—	185,021
– Value of employee services		—	—	41,218	—	41,218	—	41,218
– Release on forfeiture of share options		—	—	(111)	111	—	—	—
Dividend paid to non-controlling interest		—	—	—	—	(5,212)	(5,212)	
Dividends relating to 2021	19	—	—	—	(3,066,274)	—	(3,066,274)	
Total transactions with owners		1,668	215,918	8,542	(3,066,163)	(5,212)	(2,845,247)	
Balance at 30 June 2022		403,534	215,918	3,473,249	28,717,793	32,810,494	111,614	32,922,108

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 2020 and 1 January 2021	403,950	535,560	3,661,450	23,280,614	27,881,574	91,775	27,973,349	
Comprehensive income								
Profit for the period	—	—	—	5,376,967	5,376,967	6,233	5,383,200	
Other comprehensive income								
Changes in fair value of financial assets at FVOCI	—	—	14,924	—	14,924	—	14,924	
Share of other comprehensive income of investments accounted for using equity method	—	—	41,319	—	41,319	—	41,319	
Currency translation differences	—	—	212,211	—	212,211	19	212,230	
Total comprehensive income	—	—	268,454	5,376,967	5,645,421	6,252	5,651,673	
Transactions with owners								
Employees share option scheme:								
– Proceeds from shares issued	1,446	189,082	(29,409)	—	161,119	—	161,119	
– Value of employee services	—	—	31,205	—	31,205	—	31,205	
– Release on forfeiture of share options	—	—	(15)	15	—	—	—	
Acquisition of a subsidiary	—	—	—	—	—	3,618	3,618	
Dividend paid to non-controlling interest	—	—	—	—	—	(3,765)	(3,765)	
Dividends relating to 2020	19	—	—	(2,512,470)	(2,512,470)	—	(2,512,470)	
Total transactions with owners	1,446	189,082	1,781	(2,512,455)	(2,320,146)	(147)	(2,320,293)	
Balance at 30 June 2021	405,396	724,642	3,931,685	26,145,126	31,206,849	97,880	31,304,729	

Condensed Consolidated Cash Flow Statement

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

	Unaudited Six months ended 30 June	
	2022	2021
Cash flows from operating activities		
Cash generated from operations	4,832,518	3,265,639
Interest paid	(135,907)	(76,294)
Income tax paid	(760,188)	(674,705)
	<hr/>	<hr/>
Cash flows from operating activities - net	3,936,423	2,514,640
Cash flows from investing activities		
Payment for right-of-use assets in relation to land use rights	(117,643)	(260,611)
Purchase of property, plant and equipment	(719,743)	(887,061)
Purchase of intangible assets	(50,505)	—
Loan repayment from an associate	—	657
Purchase of financial assets at fair value through profit and loss	(273,911)	—
Proceeds from disposal of financial assets at fair value through profit and loss	316,415	303,543
Dividend received from associates	—	36,410
Increase in fixed deposits	(1,035,391)	(2,384,098)
Interests received	34,948	24,280
Other investing activities	99,537	19,891
	<hr/>	<hr/>
Cash flows used in investing activities - net	(1,746,293)	(3,146,989)

Condensed Consolidated Cash Flow Statement

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

	Unaudited	
	Six months ended 30 June	
	2022	2021
Cash flows from financing activities		
Proceeds from bank borrowings	2,899,730	2,006,990
Repayment of banks borrowings	(2,588,257)	(1,761,849)
Repayment of lease liabilities	(15,467)	(15,954)
Dividends paid to non-controlling interests	(5,212)	(3,765)
Net proceeds from issuance of ordinary shares by share options	185,021	161,119
Cash flows from financing activities - net	475,815	386,541
Net increase/(decrease) in cash and cash equivalents	2,665,945	(245,808)
Cash and cash equivalents at beginning of the period	9,220,384	5,244,554
Effect of foreign exchange rate changes	(417,543)	32,792
Cash and cash equivalents at end of the period	11,468,786	5,031,538

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”) and Malaysia.

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 Board on 1 August 2022.

2 BASIS OF PREPARATION

This unaudited condensed consolidated interim financial information for the six months ended 30 June 2022 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 2021, 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 2021, as described in 2021 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 standards, amendments to standards and interpretations are effective for accounting periods beginning on or after 1 January 2022. The adoption of these new standards, amendments to standards and interpretations does not have any material impact to the results and financial position of the Group for the current or prior periods.

		Effective for accounting periods beginning on or after
Annual Improvements Project	Annual Improvements 2018-2020 Cycle	1 January 2022
HKAS 16 (Amendments)	Property, Plant and Equipment – Proceeds before intended use	1 January 2022
HKAS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
HKFRS 3 (Amendments)	Reference to the Conceptual Framework	1 January 2022
Accounting Guideline 5 (Amendments)	Merger Accounting for Common Control Combinations	1 January 2022
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2023
HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies	1 January 2023
HKAS 8 (Amendments)	Definition of Accounting Estimates	1 January 2023

Notes to the Condensed Consolidated Financial Information

3 ACCOUNTING POLICIES (Continued)

NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP (Continued)

		Effective for accounting periods beginning on or after
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
HKFRS 17	Insurance Contract	1 January 2023
Hong Kong Interpretation 5 (2020) Presentation of Financial Statements	Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023
HKFRS10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

Note:

There are no other new standards, amendments to standards or interpretations that are effective for the first time for this interim period that could be expected to have a material impact on results and financial position of the Group.

The Group has not applied any new standards, amendments to 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)

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

	Unaudited Six months ended 30 June	
	2022	2021
Segment gross profit	5,241,881	7,199,032
Unallocated:		
Other income	414,589	217,923
Other gains/(losses), net	120,212	(21,031)
Selling and marketing costs	(951,614)	(681,028)
Administrative expenses	(1,303,276)	(1,094,933)
Net impairment losses on financial assets	(4,111)	(1,908)
Finance income	34,948	24,280
Finance costs	(124,007)	(69,500)
Share of profits of associates	470,285	728,916
Profit before income tax	<u>3,898,907</u>	<u>6,301,751</u>

Notes to the Condensed Consolidated Financial Information

4 SEGMENT INFORMATION (Continued)

Reportable segments assets/(liabilities) for the period ended 30 June 2022 and the year ended 31 December 2021 are reconciled to total assets/(liabilities) as follows:

	Assets		Liabilities	
	2022 (Unaudited)	2021 (Audited)	2022 (Unaudited)	2021 (Audited)
Segment assets/(liabilities)	38,142,896	33,975,416	(6,164,392)	(5,137,827)
Unallocated:				
Property, plant and equipment	2,363,934	1,611,041	—	—
Right-of-use assets	2,631,911	2,667,514	—	—
Investment properties	1,592,135	1,661,384	—	—
Prepayments for property, plant and equipment and right-of-use assets	15,533	3,873	—	—
Intangible assets	28,109	—	—	—
Financial assets at FVOCI	27,441	25,275	—	—
Financial assets at fair value through profit and loss	345,717	314,456	—	—
Investments in associates	9,328,522	9,482,532	—	—
Balances with associates	29,247	30,577	—	—
Prepayments, deposits and other receivables	1,382,251	1,159,428	—	—
Cash and cash equivalents	2,862,042	5,567,169	—	—
Other payables	—	—	(719,847)	(820,749)
Dividend payables	—	—	(3,066,274)	—
Current income tax liabilities	—	—	(150,087)	(198,299)
Deferred income tax liabilities	—	—	(409,069)	(448,307)
Bank and other borrowings	—	—	(15,317,961)	(15,186,959)
Total assets/(liabilities)	<u>58,749,738</u>	<u>56,498,665</u>	<u>(25,827,630)</u>	<u>(21,792,141)</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 Six months ended 30 June	
	2022	2021
Sales of float glass	9,231,059	9,628,504
Sales of automobile glass	2,946,978	2,584,501
Sales of architectural glass	<u>1,471,380</u>	<u>1,362,526</u>
Total	<u>13,649,417</u>	<u>13,575,531</u>

The Group's revenue is mainly derived from customers located in the Greater China (including Hong Kong and PRC), and North America 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 Six months ended 30 June	
	2022	2021
Greater China	9,648,348	10,544,213
North America	1,290,851	1,081,876
Europe	422,030	376,094
Other countries	<u>2,288,188</u>	<u>1,573,348</u>
	<u>13,649,417</u>	<u>13,575,531</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 FVOCI by geographical area in which the assets are located is as follows:

	As at	
	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Greater China	34,094,015	34,939,253
North America	6,158	6,645
Malaysia	1,946,513	2,095,262
Other countries	135	287
	<u>36,046,821</u>	<u>37,041,447</u>

5 LEASES

5(A) The information for leases where the Group is a lessee is analysed as follows:

	Leasehold lands and land-use rights	Buildings	Total
Period ended 30 June 2022 (Unaudited)			
Opening net book amount	4,536,142	50,522	4,586,664
Currency translation differences	(196,962)	—	(196,962)
Additions	117,643	—	117,643
Depreciation charges	<u>(54,352)</u>	<u>(15,492)</u>	<u>(69,844)</u>
Closing net book amount	<u>4,402,471</u>	<u>35,030</u>	<u>4,437,501</u>

Notes to the Condensed Consolidated Financial Information

5 LEASES (Continued)

5 (B) Lease liabilities

	As at	
	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Current	32,956	30,867
Non-current	5,353	21,513
As at 30 June/31 December	<u>38,309</u>	<u>52,380</u>

Notes:

- (a) The total cash outflow for the leases during the period was HK\$19,183,000.
- (b) Lands in the PRC are state-owned. The Group acquired leasehold lands from mainland China government by one-off prepayment with lease terms of 1 to 50 years. The leasehold lands were classified as "right-of-use assets". The Group also leases various offices and warehouses. Rental contracts are typically made for fixed periods of 1 year to 5 years.
- Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.
- (c) Depreciation charges of HK\$40,000 were capitalised as direct cost of construction in progress during the period ended 30 June 2022 when the building thereon were not yet ready for production purposes. For the period ended 30 June 2022, depreciation of the Group's right-of-use assets amounted to HK\$69,804,000 were charged to the consolidated income statement (*Note 15*).

Notes to the Condensed Consolidated Financial Information

6 PROPERTY, PLANT AND EQUIPMENT

	Unaudited					Total
	Six months ended 30 June 2022					
	Construction in progress	Freehold land	Buildings	Plant and machinery	Office equipment	
Opening net book amount as at 1 January 2022	1,465,900	170,104	5,020,154	12,038,101	90,274	18,784,533
Currency translation differences	(62,683)	(7,830)	(209,654)	(502,033)	(3,476)	(785,676)
Additions	410,526	—	27,289	99,634	22,548	559,997
Transfers	(717,978)	—	256,943	456,516	4,519	—
Disposals	—	—	(154)	(57,220)	(15)	(57,389)
Depreciation charge	—	—	(119,052)	(707,501)	(17,618)	(844,171)
Closing net book amount as at 30 June 2022	<u>1,095,765</u>	<u>162,274</u>	<u>4,975,526</u>	<u>11,327,497</u>	<u>96,232</u>	<u>17,657,294</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 2022 (Unaudited)	31 December 2021 (Audited)
As at 1 January	1,661,384	1,734,122
Currency translation differences	(69,249)	44,486
Additions	—	8,577
Transferred from property, plant and equipment	—	7,905
Fair value losses	—	(133,706)
As at 30 June/31 December	<u>1,592,135</u>	<u>1,661,384</u>

As at 30 June 2022, the Group has four investment properties in the PRC and an investment property in Hong Kong.

The Group's investment properties were valued at 31 December 2021 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 2022 (Unaudited)	31 December 2021 (Audited)
Fair value hierarchy (level 3):		
– Commercial building – Xiamen, the PRC	1,274,450	1,332,436
– Commercial building – Shenzhen, the PRC	131,025	136,986
– Office building – Wuhu, the PRC	113,502	118,668
– Office unit – Hong Kong	70,160	70,160
	<u>1,589,137</u>	<u>1,658,250</u>
At cost		
– Commercial units – Shenzhen, the PRC	2,998	3,134
	<u>1,592,135</u>	<u>1,661,384</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 2022 (Unaudited)	31 December 2021 (Audited)
At 1 January	9,482,532	8,230,998
Currency translation differences	(1,390)	634
Addition to investment in an associate	—	703,855
Dilution of interests in an associate	21,183	—
Impairment loss	—	(67,353)
Share of profits of associates	470,285	1,185,743
Share of other comprehensive income	(394,320)	188,060
Dividend received	(249,768)	(759,405)
At 30 June/31 December	<u>9,328,522</u>	<u>9,482,532</u>

Notes to the Condensed Consolidated Financial Information

9 TRADE AND OTHER RECEIVABLES

	As at	
	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Trade receivables (note (a))	2,099,368	1,868,613
Less: provision for impairment of trade receivables	<u>(65,164)</u>	<u>(62,523)</u>
	2,034,204	1,806,090
Bills receivables (note (b))	<u>980,865</u>	<u>2,231,792</u>
Trade and bills receivables – net	3,015,069	4,037,882
Prepayments, deposits and other receivables	<u>2,686,493</u>	<u>2,106,027</u>
	<u>5,701,562</u>	<u>6,143,309</u>
Less: non-current portion Prepayments for property, plant and equipment and land use rights	<u>(602,683)</u>	<u>(475,329)</u>
	<u>5,098,879</u>	<u>5,668,580</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 2022 and 31 December 2021 the ageing analysis of the Group's trade receivables, based on the invoice date, was as follows:

	As at	
	30 June 2022 (Unaudited)	31 December 2021 (Audited)
0-90 days	1,698,622	1,484,202
91-180 days	299,910	219,696
181-365 days	41,300	66,943
1-2 years	39,968	52,902
Over 2 years	19,568	44,870
	2,099,368	1,868,613

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

Notes to the Condensed Consolidated Financial Information

10 CASH AND CASH EQUIVALENTS

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

	As at	
	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Cash and cash equivalents and pledged bank deposits	13,616,548	10,295,125
Less:		
– Pledged bank deposits (note (a))	96,990	59,360
– Fixed deposits – long term (note (b))	1,386,289	1,015,381
– Fixed deposits – current (note (b))	664,483	—
Cash and cash equivalents	<u>11,468,786</u>	<u>9,220,384</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 Group placed fixed bank deposits with major license banks in the PRC, with fixed maturities and fixed interest rates. These bank deposits have an average maturity of 3 years.

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 2021 and 30 June 2022		<u>20,000,000,000</u>	<u>2,000,000</u>	<u>—</u>	<u>2,000,000</u>
Issued and fully paid:					
As at 1 January 2022		4,018,657,047	401,866	—	401,866
Issues of Shares under an employees’ share option scheme	(a)	<u>16,683,300</u>	<u>1,668</u>	<u>215,918</u>	<u>217,586</u>
As at 30 June 2022		<u>4,035,340,347</u>	<u>403,534</u>	<u>215,918</u>	<u>619,452</u>

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			
	2022		2021	
	Average exercise price in HK dollar per Share	Options (thousands)	Average exercise price in HK dollar per Share	Options (thousands)
At 1 January	13.74	104,189	9.89	93,933
Granted	21.80	35,000	23.35	34,700
Exercised	10.79	(16,683)	11.14	(14,465)
Lapsed	14.32	(8,235)	17.75	(4,681)
Expired	11.74	(56)	7.28	(12)
At 30 June	<u>16.60</u>	<u>114,215</u>	<u>13.65</u>	<u>109,475</u>

Out of the 114,215,000 outstanding options, 20,286,000 options were exercisable as at 30 June 2022. Options exercised in 2022 resulted in 16,683,300 Shares being issued at a weighted average price at the time of exercise of HK\$10.79 each.

Notes to the Condensed Consolidated Financial Information

11 SHARE CAPITAL (Continued)

Notes: (Continued)

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

	Exercise price in HK dollar per Share	Options (thousands)
Expiry date		
31 March 2023	9.53	20,286
31 March 2024	8.82	30,331
31 March 2025	23.35	31,294
31 March 2026	21.80	32,304
		<hr/>
		114,215
		<hr/>

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	1 March 2022
Option valued	HK\$4.4005
Share price at the date of grant	HK\$21.80
Exercisable price	HK\$21.80
Expected volatility	42.9280%
Annual risk-free interest rate	1.0355%
Life of option	3 years and 6 months
Dividend yield	6.5138%

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 2022	3,278,003	46,867	1,830,492	405,241	106,519	37,227	26,014	(12,621)	5,717,742	28,479,039	34,196,781
Profit for the period	—	—	—	—	—	—	—	—	—	3,304,917	3,304,917
Change in value of financial assets at FVOCI	—	—	—	—	—	—	—	2,166	2,166	—	2,166
Dilution of interest in an associate	—	—	(783)	—	—	—	—	—	(783)	—	(783)
Share of the other comprehensive income of investments accounted for using the equity method	—	—	—	—	—	—	—	—	—	—	—
Currency translation differences	—	—	(394,320)	—	—	—	—	—	(394,320)	—	(394,320)
Employees' share option scheme:	—	—	(1,860,098)	—	—	—	—	—	(1,860,098)	—	(1,860,098)
– Proceeds from shares issued	—	—	—	—	(32,565)	—	—	—	(32,565)	—	(32,565)
– Value of employees services	—	—	—	—	41,218	—	—	—	41,218	—	41,218
– Release on forfeiture of share options	—	—	—	—	(111)	—	—	—	(111)	111	—
Dividend relating to 2021	—	—	—	—	—	—	—	—	—	(3,066,274)	(3,066,274)
Balance at 30 June 2022	3,278,003	46,867	(424,709)	405,241	115,061	37,227	26,014	(10,455)	3,473,249	28,717,793	32,191,042

Notes to the Condensed Consolidated Financial Information

13 TRADE, OTHER PAYABLES AND CONTRACT LIABILITIES

	As at	
	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Trade payables (note (a))	1,644,327	1,483,859
Bill payables (note (b))	1,191,155	—
	<u>2,835,482</u>	<u>1,483,859</u>
Other payables	4,883,700	2,308,305
Contract liabilities	723,309	653,811
Less: non-current portion	<u>(109,204)</u>	<u>(140,313)</u>
Current portion	<u>8,333,287</u>	<u>4,305,662</u>

Notes:

- (a) At 30 June 2022 and 31 December 2021, the ageing analysis of the trade payables, based on the invoice date, was as follows:

	As at	
	30 June 2022 (Unaudited)	31 December 2021 (Audited)
0-90 days	1,390,363	1,305,146
91-180 days	71,982	54,776
181-365 days	71,737	57,317
1-2 years	68,332	29,257
Over 2 years	41,913	37,363
	<u>1,644,327</u>	<u>1,483,859</u>

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

Notes to the Condensed Consolidated Financial Information

14 BANK AND OTHER BORROWINGS

	As at	
	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Non-current		
Bank borrowings, guaranteed (note (a))	14,717,961	14,986,960
Less: Current portion	<u>(5,813,006)</u>	<u>(4,096,904)</u>
Shown as non-current liabilities	<u>8,904,955</u>	<u>10,890,056</u>
Current		
Short term bank borrowings, guaranteed	1,065,489	505,773
Current portion of long-term bank borrowings, guaranteed	<u>5,813,006</u>	<u>4,096,904</u>
Shown as current liabilities	<u>6,878,495</u>	<u>4,602,677</u>
Total bank and other borrowings	<u>15,783,450</u>	<u>15,492,733</u>

Note:

- (a) The bank borrowings were guaranteed by corporate guarantees provided by the Company and cross guarantees provided by certain subsidiaries of the Group.

At 30 June 2022 and 31 December 2021, the Group's bank borrowings were repayable as follows:

	As at	
	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Within 1 year	6,878,495	4,602,677
Between 1 and 2 years	5,887,394	6,625,216
Between 2 and 5 years	<u>3,017,561</u>	<u>4,264,840</u>
	<u>15,783,450</u>	<u>15,492,733</u>

Notes to the Condensed Consolidated Financial Information

14 BANK AND OTHER BORROWINGS (Continued)

Note: (Continued)

At 30 June 2022 and 31 December 2021, the carrying amounts of the Group's bank borrowings are denominated in the following currencies:

	As at	
	30 June 2022 (Unaudited)	31 December 2021 (Audited)
HKD	14,355,574	14,835,960
RMB	465,489	305,773
USD	962,387	351,000
	<u>15,783,450</u>	<u>15,492,733</u>

The carrying amounts of bank borrowings approximate their fair values as at 30 June 2022 and 31 December 2021.

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

	30 June 2022	31 December 2021
Bank borrowings	<u>1.24%</u>	<u>0.94%</u>

Note: The current PBOC prime rate of Renminbi loan for 1 year is 4.35% (for reference only).

Notes to the Condensed Consolidated Financial Information

15 EXPENSES BY NATURE

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

	Unaudited Six months ended 30 June	
	2022	2021
Depreciation and amortisation	747,179	710,372
Employee benefit expenses	1,019,877	934,803
Cost of inventories	6,290,492	4,633,031
Other selling expenses (including transportation and advertising costs)	617,313	394,728
Operating lease payments in respect of land and buildings	3,717	3,146
Other expenses, net	<u>1,983,848</u>	<u>1,476,380</u>
Total cost of sales, selling and marketing costs and administrative expenses	<u>10,662,426</u>	<u>8,152,460</u>

Notes to the Condensed Consolidated Financial Information

16 OTHER GAINS/(LOSSES) — NET

	Unaudited Six months ended 30 June	
	2022	2021
Losses on disposal and written-off of property, plant and equipment, net	(48,317)	(10,120)
Unrealised fair value (losses)/gains on financial assets at FVTPL	(1,248)	24,697
Gain on disposal of financial assets at FVTPL	76,314	9,686
Other foreign exchange gains/(losses), net	70,480	(48,121)
Gain on dilution of investment in an associate	21,966	—
Others	1,017	2,827
	<u>120,212</u>	<u>(21,031)</u>

Notes to the Condensed Consolidated Financial Information

17 FINANCE INCOME AND FINANCE COSTS

FINANCE INCOME

	Unaudited Six months ended 30 June	
	2022	2021
Interest income on short-term bank deposits	<u>34,948</u>	<u>24,280</u>

Note: The average deposit interest rate in the PRC was approximately 3.5% per annum during the reporting period.

FINANCE COSTS

	Unaudited Six months ended 30 June	
	2022	2021
Interest on lease liabilities	1,396	2,376
Interest on bank borrowings	135,907	76,294
Less: interest expenses capitalised on qualified assets	<u>(13,296)</u>	<u>(9,170)</u>
	<u>124,007</u>	<u>69,500</u>

Notes to the Condensed Consolidated Financial Information

18 INCOME TAX EXPENSE

	Unaudited Six months ended 30 June	
	2022	2021
Current income tax		
– Hong Kong profits tax (Note (a))	23,054	19,660
– PRC corporate income tax (Note (b))	386,270	726,490
– Overseas income tax (Note (c))	170,099	129,776
– Withholding tax on remitted earnings (Note (d))	2,992	42,641
Deferred income tax		
– Origination of temporary differences	8	(16)
	<u>582,423</u>	<u>918,551</u>

Notes:

(a) Hong Kong profits tax

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 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, Guangxi, Jiangmen, Shenzhen, Tianjin, Wuhu, Yingkou and Zhangjiagang are 25% (2021: 25%). Fourteen (2021: Fourteen) major subsidiaries in Deyang, Dongguan, Guangxi, Jiangmen, Shenzhen, Tianjin, Wuhu, Yingkou and Zhangjiagang enjoy high-tech enterprise income tax benefit and are entitled to a preferential tax treatment of reduction in CIT rate to 15% (2021: 15%).

(c) Overseas income tax

Taxation on overseas profits has been calculated on the estimated assessable profits for the periods ended 30 June 2022 and 2021 at the rates of taxation prevailing in the countries in which the Group operates.

(d) 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.

Notes to the Condensed Consolidated Financial Information

19 DIVIDENDS

	Six months ended 30 June	
	2022	2021
Final dividend payable for 2021 of 76.0 HK cents (2020: 62.0 HK cents) per Share	3,066,274	2,512,470
Declared interim dividend of 40.0 HK cents (2021: 66.0 HK cents) per Share	<u>1,614,136</u>	<u>2,668,081</u>
	<u>4,680,410</u>	<u>5,180,551</u>

Note:

At a meeting of the Board held on 1 August 2022, the Directors declared an interim dividend of 40.0 HK cents per Share for the six months ended 30 June 2022. The amount of 2022 declared interim dividend is based on 4,035,340,347 Shares in issue as at 30 June 2022.

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 2022.

20 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 Six months ended 30 June	
	2022	2021
Profit attributable to equity holders of the Company (HK\$'000)	3,304,917	5,376,967
Weighted average number of Shares in issue (thousands)	4,025,507	4,032,138
Basic earnings per Share (HK cents per Share)	<u>82.1</u>	<u>133.4</u>

Notes to the Condensed Consolidated Financial Information

20 EARNINGS PER SHARE (Continued)

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.

	Unaudited Six months ended 30 June	
	2022	2021
Earnings		
Profit attributable to equity holders of the Company (HK\$'000)	3,304,917	5,376,967
Share of profit of an associate as a result of diluted earnings at associate level (HK\$'000)	(459)	(1,192)
	<u>3,304,458</u>	<u>5,375,775</u>
Weighted average number of Shares in issue (thousands)	4,025,507	4,032,138
Adjustments for:		
Share options (thousands)	30,073	50,384
	<u>4,055,580</u>	<u>4,082,522</u>
Weighted average number of Shares for diluted earnings per Share (thousands)		
	<u>4,055,580</u>	<u>4,082,522</u>
Diluted earnings per Share (HK cents per Share)	<u>81.5</u>	<u>131.7</u>

Notes to the Condensed Consolidated Financial Information

21 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 2022 and 31 December 2021.

	Level 1	Level 2	Level 3	Total
At 30 June 2022				
Non-current assets				
Financial assets at FVOCI				
– Equity securities	<u>27,441</u>	<u>—</u>	<u>—</u>	<u>27,441</u>
Current assets				
Financial assets at FVTPL				
– PRC listed equity securities	<u>38,687</u>	<u>—</u>	<u>—</u>	<u>38,687</u>
– Other financial products	<u>55,650</u>	<u>—</u>	<u>251,380</u>	<u>307,030</u>
	<u>94,337</u>	<u>—</u>	<u>251,380</u>	<u>345,717</u>

Notes to the Condensed Consolidated Financial Information

21 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

FAIR VALUE ESTIMATION (Continued)

	Level 1	Level 2	Level 3	Total
At 31 December 2021				
Non-current assets				
Financial assets at FVOCI				
– Hong Kong listed equity securities	<u>25,275</u>	<u>—</u>	<u>—</u>	<u>25,275</u>
Current assets				
Financial assets at FVTPL				
– PRC listed equity securities	274,143	—	—	274,143
– Other financial products	<u>—</u>	<u>—</u>	<u>40,313</u>	<u>40,313</u>
	<u>274,143</u>	<u>—</u>	<u>40,313</u>	<u>314,456</u>

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 2022 comprised financial assets at FVOCI.

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.

Notes to the Condensed Consolidated Financial Information

21 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

FAIR VALUE ESTIMATION (Continued)

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 2022, there were no transfer between Level 1 and Level 2, or transfer into or out of Level 3 (2021: 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.

22 COMMITMENTS

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

	As at	
	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Contracted but not provided for property, plant and equipment, intangible assets and right-of-use assets	<u>1,661,282</u>	<u>1,368,211</u>

Notes to the Condensed Consolidated Financial Information

23 RELATED PARTY TRANSACTION

The following transactions were carried out with related parties:

(A) TRANSACTION WITH RELATED PARTIES

	Unaudited Six months ended 30 June	
	2022	2021
Purchases of goods from associates		
– Tianjin Wuqing District Xinke Natural Gas Investment Company Limited	156,162	140,143
– Dongyuan County Xinhuali Quartz Sand Company Limited	—	2,688
– Wuxuan Xinbao Mining Co., Ltd.	8,361	—
– A subsidiary of Xinyi Solar Holdings Limited (“Xinyi Solar”)	2,360	2,607
	<hr/>	<hr/>
Purchase of silica sands from an associate		
– A subsidiary of Xinyi Solar	44,363	21,161
	<hr/>	<hr/>
Purchases of fixed assets and consumables from a related party		
– An entity controlled by the ultimate controlling parties	605	163
	<hr/>	<hr/>
Wind farm management fee paid to a related party		
– An entity controlled by the ultimate controlling parties	4,852	4,802
	<hr/>	<hr/>
Processing fee from lithium battery energy storage product paid to a related party		
– An entity controlled by the ultimate controlling parties	2,792	4,599
	<hr/>	<hr/>
Sales of goods to an associate		
– A subsidiary of Xinyi Solar	4,168	125,524
	<hr/>	<hr/>

Notes to the Condensed Consolidated Financial Information

23 RELATED PARTY TRANSACTION (Continued)

(A) TRANSACTION WITH RELATED PARTIES (Continued)

	Unaudited Six months ended 30 June	
	2022	2021
Sales of goods to related parties		
– Entities controlled by the ultimate controlling parties	2,270	—
– An entity controlled by the ultimate controlling parties	<u>4,350</u>	<u>3,185</u>
Sales of machineries to an associate		
– A subsidiary of Xinyi Solar	<u>126,116</u>	<u>91,825</u>
Consultancy income received from an associate		
– A subsidiary of Xinyi Solar	<u>388</u>	<u>435</u>
Rental income received from an associate		
– A subsidiary of Xinyi Solar	<u>3,448</u>	<u>2,885</u>
Rental income received from a related party		
– An entity controlled by the ultimate controlling parties	<u>159</u>	<u>158</u>
Rental expenses paid to an associate		
– A subsidiary of Xinyi Solar	<u>559</u>	<u>553</u>
Rental expenses paid to a related party		
– An entity controlled by the ultimate controlling party	<u>415</u>	<u>—</u>
Engineering, procurement and construction service fee paid to an associate		
– A subsidiary of Xinyi Solar	<u>412</u>	<u>3,847</u>
Sales of fixed assets to an associate		
– A subsidiary of Xinyi Solar	<u>635</u>	<u>—</u>
Maintenance and services fee paid to an associate		
– A subsidiary of Xinyi Solar	<u>985</u>	<u>1,305</u>

Notes to the Condensed Consolidated Financial Information

23 RELATED PARTY TRANSACTION (Continued)

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

	As at	
	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Balance with/loan advance to an associate – Dongyuan County Xinhuali Quartz Sand Company Limited	<u>40,945</u>	<u>42,808</u>
Receivable from an associate arising from sales of machineries and land parcel – A subsidiary of Xinyi Solar	<u>86,737</u>	<u>14,529</u>
Receipt in advance from an associate arising from sales of goods – A subsidiary of Xinyi Solar	<u>456</u>	<u>—</u>
Receivable from an associate arising from provision of consultancy services – A subsidiary of Xinyi Solar	<u>173</u>	<u>203</u>
Receivable from a related party arising from sales of goods – An entity controlled by the ultimate controlling parties	<u>1,508</u>	<u>3,432</u>
Payable to a related party arising from processing fees – An entity controlled by the ultimate controlling parties	<u>8,556</u>	<u>9,582</u>

Notes to the Condensed Consolidated Financial Information

23 RELATED PARTY TRANSACTION (Continued)

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

	As at	
	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Payable to an associate arising from EPC service		
– A subsidiary of Xinyi Solar	<u>424</u>	<u>410</u>
Prepayment to an associate arising from purchase of goods		
– Beihai Yiyang Mineral Company Limited	<u>1,466</u>	<u>1,533</u>
Advance from a related party		
– An entity controlled by the ultimate controlling party	<u>—</u>	<u>81</u>
Loan to an associate		
– Wuxuan Xinbao Mining Co., Ltd.	<u>29,247</u>	<u>30,577</u>
Payable to an associate arising from purchase of silica sands		
– A subsidiary of Xinyi Solar	<u>9,049</u>	<u>7,773</u>

INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Group recorded a decrease in the amount of the net profit for the six months ended 30 June 2022, as compared with the six months ended 30 June 2021, and the Directors consider that the Group has achieved a reasonable level of profitability in an unfavorable market condition. The Directors are pleased to declare an interim dividend of 40.0 HK cents per Share for the six months ended 30 June 2022 (2021: 66.0 HK cents) to be paid to the 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 Thursday, 18 August 2022. The interim dividend is payable on or before Wednesday, 28 September 2022.

The Company’s register of members will be closed from Tuesday, 16 August 2022 to Thursday, 18 August 2022 (both days inclusive), 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 Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Monday, 15 August 2022.

Shareholders will be given an option to receive the interim dividend for the six months ended 30 June 2022 in cash or wholly or partly in new and fully paid shares of the Company in lieu of cash by the scrip dividend. The scrip dividend scheme (the “Scrip Dividend Scheme”) is subject to The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) granting the listing of and permission to deal in the new shares to be allotted and issued under the Scrip Dividend Scheme.

Corporate Governance and Other Information on the Group

For the purpose of calculating the number of scrip shares under the Scrip Dividend Scheme, the market value of the scrip shares has been fixed at 95% of the average closing price per share as quoted on the Stock Exchange for the five consecutive trading days commenced on Friday, 12 August 2022 until Thursday, 18 August 2022 (both days inclusive) rounded down to two decimal places. Further details of the Scrip Dividend Scheme can be referred to the announcement of the Company dated 19 August 2022, the circular dated 26 August 2022 and the supplemental announcement on the Scrip Dividend Scheme dated 5 September 2022.

PURCHASE, SALE OR REDEMPTION OF SHARES

For the six months ended 30 June 2022, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CHANGE IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in directors' information are as follows:

Dr. YANG Siu Shun, J.P. be appointed as the independent non-executive Director, the chairman of the audit committee of the Board and a member of each of the remuneration committee and nomination committee of the Board with effect from 2 June 2022.

Dr. WONG Ying Wai, G.B.S., J.P. retired as the independent non-executive Director on 2 June 2022 and ceased to be the member of each of the audit committee, remuneration committee and nomination committee of the Board with effect from 2 June 2022.

Mr. TAM Wai Hung, David retired as the independent non-executive Director on 2 June 2022 and ceased to be a member of the audit committee of the Board with effect from 2 June 2022.

Corporate Governance and Other Information on the Group

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Directors confirmed that the Company has complied with the applicable code provisions contained in the Corporate Governance Code as set forth in Part 2 of Appendix 14 to The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) for the six months ended 30 June 2022.

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 of conduct for securities transactions by the Directors. The Company has made specific enquiries with the Directors and all Directors have confirmed that they have complied with the Model Code during the six months ended 30 June 2022.

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 unaudited interim results for the six months ended 30 June 2022 have not been reviewed by the external auditor but have been reviewed by the Company’s audit committee, comprising the four independent non-executive Directors.

SHARE OPTION SCHEME

The Company has adopted a share option scheme on 18 January 2015 (the “Share Option Scheme”) 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 Group for subscription for the Shares.

Corporate Governance and Other Information on the Group

SHARE OPTION SCHEME (Continued)

The following table sets forth movements of the share options of the Company for the six months ended 30 June 2022:

	Grant Date	Exercise price (HK\$)	Closing price of the Company's shares immediately before the date on which the grant was made (HK\$)	Vesting period	Exercise period	At 1 January 2022	Granted	Exercised	Expired	Lapsed	At 30 June 2022
Continuous contract employee	27/2/2018	11.74	11.94	27/2/2018-31/12/2020	1/4/2021-31/3/2022	9,533,600	—	(9,477,600) ¹	(56,000)	—	—
	26/2/2019	9.53	9.70	26/2/2019-31/12/2021	1/4/2022-31/3/2023	32,185,498	—	(7,205,700) ²	—	(4,693,498)	20,286,300
	17/3/2020	8.82	8.27	17/3/2020-31/12/2022	1/4/2023-31/3/2024	30,695,000	—	—	—	(364,168)	30,330,832
	2/3/2021	23.35	23.70	2/3/2021-31/12/2023	1/4/2024-31/3/2025	31,775,200	—	—	—	(480,801)	31,294,399
	1/3/2022	21.80	20.75	1/3/2022-31/12/2024	1/4/2025-31/3/2026	—	35,000,000	—	—	(2,696,300)	32,303,700
						<u>104,189,298</u>	<u>35,000,000</u>	<u>(16,683,300)</u>	<u>(56,000)</u>	<u>(8,234,767)</u>	<u>114,215,231</u>

Notes:

- (1) The weighted average closing price of shares immediately before the dates on which the options were exercised was HK\$19.44.
- (2) The weighted average closing price of shares immediately before the dates on which the options were exercised was HK\$18.35.

During the six months ended 30 June 2022, 35,000,000 shares options have been granted. The fair value of the equity-settled share options granted under the Share Option Scheme during the six months ended 30 June 2022 is estimated at HK\$154,017,000 and is to be expensed through the Group's income statement over the three-year vesting period of the options.

Corporate Governance and Other Information on the Group

SHARE OPTION SCHEME (Continued)

The fair value of share options granted by the Company during the six months ended 30 June 2022 is determined in accordance with the valuation performed by an independent valuer using the Black-Scholes option pricing model. Such model is one of the commonly used models to estimate the fair value of an option. The significant variables and assumptions used in computing the fair value of the share options are set forth in the table below. The value of an option varies with different variables of a number of subjective assumptions. Any change in the variables so adopted may materially affect the estimation of the fair value of an option.

Share price at the grant date (HK\$)	HK\$21.80
Exercise price (HK\$)	HK\$21.80
Volatility (%)	42.9280%
Dividend yield (%)	6.5138%
Expected share option life (years)	3 years and 6 months
Annual risk-free interest rate (%)	1.0355%

SUPPLEMENTAL INFORMATION ON SHARE OPTION SCHEME IN THE 2021 ANNUAL REPORT

Reference is made to the annual report of the Company for the year ended 31 December 2021 (the “2021 Annual Report”). This supplemental information is made in relation to the Share Option Scheme pursuant to Rule 17.09(3) of the Listing Rules.

The total number of securities available for issue under the Share Option Scheme was 176,471,770, representing 4.39% of the Shares in issue as of 28 February 2022, being the date of the 2021 Annual Report.

The above additional information does not affect other information contained in the 2021 Annual Report.

Corporate Governance and Other 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

As of 30 June 2022, 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 (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

(i) Long positions in the Shares of the Company

Name of Directors	Nature of interest	Number of Shares held	Approximate percentage of the Company's issued share capital
Dr. LEE Yin Yee, B.B.S.	Interest of a controlled corporation (<i>Note a</i>)	725,209,552	17.97%
	Interest of a controlled corporation (<i>Note n</i>)	49,636,000	1.23%
	Interest of a controlled corporation (<i>Note b</i>)	54,639,000	1.35%
	Personal interest (<i>Note c</i>)	131,212,000	3.25%
Mr. TUNG Ching Bor	Interest of a controlled corporation (<i>Note d</i>)	266,766,456	6.61%
	Interest of a controlled corporation (<i>Note n</i>)	49,636,000	1.23%
	Personal interest (<i>Note e</i>)	59,318,000	1.47%
Tan Sri Datuk TUNG Ching Sai P.S.M, D.M.S.M, JP	Interest of a controlled corporation (<i>Note f</i>)	246,932,579	6.12%
	Interest of a controlled corporation (<i>Note n</i>)	49,636,000	1.23%
	Personal interest	2,908,000	0.07%
	Personal interest (<i>Note g</i>)	204,679,000	5.07%
Mr. LI Ching Wai	Interest of a controlled corporation (<i>Note h</i>)	116,580,868	2.89%
	Interest of a controlled corporation (<i>Note n</i>)	49,636,000	1.23%
	Personal interest	10,200,000	0.25%

Corporate Governance and Other 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)

(i) Long positions in the Shares of the Company (Continued)

Name of Directors	Nature of interest	Number of Shares held	Approximate percentage of the Company's issued share capital
Mr. NG Ngan Ho	Interest of a controlled corporation (<i>Note i</i>)	82,205,912	2.04%
	Interest of a controlled corporation (<i>Note n</i>)	49,636,000	1.23%
	Personal interest	3,100,000	0.08%
Mr. SZE Nang Sze	Interest of a controlled corporation (<i>Note j</i>)	115,618,781	2.87%
	Interest of a controlled corporation (<i>Note n</i>)	49,636,000	1.23%
	Personal interest	11,490,000	0.28%
Mr. LI Ching Leung	Interest of a controlled corporation (<i>Note k</i>)	81,853,911	2.03%
	Interest of a controlled corporation (<i>Note n</i>)	49,636,000	1.23%
	Personal interest	7,494,000	0.19%
	Personal interest (<i>Note l</i>)	400,000	0.01%
Dr. TRAN	Personal interest (<i>Note m</i>)	90,000	0.002%
Chuen Wah, John	Personal interest	10,000	0.0002%

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 Xin Yuen Investment Limited ("Xin Yuen"), a company incorporated in the British Virgin Islands (the "BVI") with limited liability on 17 January 2019. Xin Yuen is 100% owned by Xin Wong Investment Limited ("Xin Wong"), a company incorporated in the BVI with limited liability. Xin Wong is 50% owned by Dr. LEE Yin Yee and 50% owned by his spouse, Madam TUNG Hai Chi.
- (c) Dr. LEE Yin Yee's interests in the Shares are held through a joint account with his spouse, Madam TUNG Hai Chi.

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

(i) *Long positions in the Shares of the Company (Continued)*

Notes: (Continued)

- (d) 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.
- (e) Mr. TUNG Ching Bor's interests in the Shares are held through a joint account with his spouse, Madam KUNG Sau Wai.
- (f) Tan Sri Datuk TUNG Ching Sai P.S.M, D.M.S.M, JP'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, JP.
- (g) Tan Sri Datuk TUNG Ching Sai P.S.M, D.M.S.M, JP's interests in the Shares are held through his spouse, Puan Sri Datin SZE Tan Hung.
- (h) 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.
- (i) 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.

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

(i) Long positions in the Shares of the Company (Continued)

Notes: (Continued)

- (j) 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.
- (k) 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.
- (l) Mr. LI Ching Leung's interests in the Shares are held through his spouse, Madam DY Maria Lumin.
- (m) Dr. TRAN Chuen Wah, John's interests in the Shares are held through his spouse, Madam LAM Ying.
- (n) 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, JP 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%.

Corporate Governance and Other 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)

(ii) Long positions in the shares of associated corporations

Name of associated corporation	Name of Director	Class and number of shares held in the associated corporation	Approximate percentage of the associated corporation's issued share capital
Realbest	Dr. LEE Yin Yee, B.B.S.	2 ordinary shares	100%
Xin Wong	Dr. LEE Yin Yee, B.B.S.	1 ordinary share	50%
High Park	Mr. TUNG Ching Bor	2 ordinary shares	100%
Copark	Tan Sri Datuk TUNG Ching Sai P.S.M, D.M.S.M, JP	2 ordinary shares	100%
Goldbo	Mr. LI Ching Wai	2 ordinary shares	100%
Linkall	Mr. NG Ngan Ho	2 ordinary shares	100%
Goldpine	Mr. SZE Nang Sze	2 ordinary shares	100%
Herosmart	Mr. LI Ching Leung	2 ordinary shares	100%
Full Guang	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, JP	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)

(ii) Long positions in the shares of associated corporations (Continued)

Save as disclosed above, as of 30 June 2022, 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 (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Corporate Governance and Other Information on the Group

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

As of 30 June 2022, 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:

Long positions in the Shares of the Company

Name of Substantial Shareholder	Capacity	Number of Shares held	Approximate percentage of the Company's issued share capital
Realbest	Registered and beneficial owner	725,209,552	17.97%
High Park	Registered and beneficial owner	266,766,456	6.61%
Copark	Registered and beneficial owner	246,932,579	6.12%
Telerich Investment Limited (<i>Note</i>)	Registered and beneficial owner	251,595,089	6.23%

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, as of 30 June 2022, the Directors were not aware of any other person having an interests or short positions in the Shares and the underlying Shares 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.

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, JP (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

Dr. YANG Siu Shun, J.P. * ø <
(Appointed on 2 June 2022)
Mr. LAM Kwong Siu, G.B.S. # + <
Mr. WONG Chat Chor Samuel # <ø
Dr. Wong Ying Wai, G.B.S., J.P.
(Retired on 2 June 2022)
Dr. TRAN Chuen Wah, John #
Mr. TAM Wai Hung, David
(Retired on 2 June 2022)

* 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

Windward 3, Regatta Office Park
PO Box 1350, Grand Cayman
KY1-1108
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN CHINA

Xinyi Glass Industrial Zone
1 Xinyi Road
Wuhu Economic and Technology
Development Zone
Wuhu City, Anhui Province, China

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 and
Registered PIE Auditor
22nd Floor, Prince's Building
Central, Hong Kong

Corporate Information

PRINCIPAL BANKERS

Bank of China (Hong Kong)
Bank of East Asia
Citibank, N.A.
China Construction Bank
Credit Industriel et Commercial
(Hong Kong Branch)
Dah Sing Bank
DBS Bank
Hang Seng Bank
HSBC
Huaxia Bank
Industrial Bank
Korean Development Bank Asia
Malayan Banking Berhad
Mizuho Bank
MUFG Bank
Nanyang Commercial Bank
Shinhan Bank
Sumitomo Mitsui Banking Corporation
Taipei Fubon Commercial Bank
United Overseas Bank
Bank of China
Bank of Communications
Ping An Bank
China Citic Bank
Huishang Bank
Industrial and Commercial Bank of China
Shanghai Pudong Development Bank
State Bank of India (Hong Kong Branch)

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

Ocorian Trust (Cayman) Limited
Windward 3, Regatta Office Park
PO Box 1350, 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: 1,000 ordinary shares
Financial year end: 31 December
Number of shares issued and fully paid
as of the date of this interim report:
4,035,826,247 Shares
Share price as of the date of this
interim report: HK\$15.60
Market capitalisation as of the date
of this interim report:
Approximately HK\$62.96 billion

KEY DATES

Closure of register of members:
16 August 2022 to 18 August 2022
(both days inclusive)
Proposed interim dividend payable date:
On or before 28 September 2022