



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

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REPORT
2021

商界展關懷
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信義玻璃

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Financial Highlights

	Six months ended 30 June	Year ended 31 December	
(in HK\$'000)	2021 (Unaudited)	2020 (Unaudited)	2020 (Audited)
Turnover	13,575,531	7,133,956	18,615,879
Profit before income tax	6,301,751	1,641,571	7,330,342
Profit attributable to Company's equity holders	5,376,967	1,382,387	6,422,213
Dividends	2,676,199	685,921	3,198,391
Equity attributable to Company's equity holders	31,206,849	20,338,489	27,881,574
(number of ordinary shares ("Share") in '000)			
Weighted average number of Shares in issue	4,032,138	4,017,849	4,026,601
(in Hong Kong cents)			
Earnings per Share - basic	133.4	34.4	159.5
Earnings per Share - diluted	131.7	34.3	158.8
Dividends per Share	66.0	17.0	79.0
Equity attributable to Company's equity holders per Share	769.8	505.6	690.2

Dear Shareholders

On behalf of the board (the “**Board**”) of directors (the “**Directors**”) of Xinyi Glass Holdings Limited (the “**Company**”), I am pleased to announce the interim unaudited consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2021.

In comparison with the same period in 2020, turnover of the Group increased by approximately 90.3% to approximately HK\$13,575.5 million during the six months ended 30 June 2021. The net profit attributable to equity holders of the Company for the review period increased by approximately 289.0%, to approximately HK\$5,377.0 million. Basic earnings per Share were 133.4 HK cents, as compared with 34.4 HK cents for the same period in 2020.

The Board considers that the Group has achieved a remarkable level of profitability in a volatile market environment. Hence, the Board is pleased to declare an interim dividend of 66.0 HK cents per Share.

I present below an overview of the business of the Group for the six months ended 30 June 2021 and key development highlights for the coming half year.

Chairman's Statement

BUSINESS REVIEW

THE PRC GLASS INDUSTRY HAS STRONG RE-BOUND IN THE POST COVID-19 PERIOD DUE TO THE RE-OPENING OF OVERSEAS MARKETS, SUPPLY-SIDE REFORM, CARBON NEUTRAL POLICIES AND COMPLETION OF NEW AND ENVIRONMENTAL-FRIENDLY BUILDINGS

The PRC economy has experienced a solid rebound since the middle of 2020 following the control of the COVID-19 pandemic in the Mainland China. The Group's business operations in the automobile glass, architectural glass and the float glass segments encountered different challenges and opportunities. Nonetheless, the Group managed to achieve a remarkable operating result primarily attributable to its strategic enhancement of the product portfolio and expansion of more value-added and structural upgraded glass products, continuous expansion of float glass production capacity and stringent control over production costs. The Group has acquired or established new float glass production capacity in Beihai, Zhangjiagang and Jiangmen during first half of 2021, which enable the Group to adopt flexible production planning and logistics and develop a more effective and focused marketing strategy for the architectural glass and automobile glass products.

The demand for construction and architectural glass products from the new property projects in the PRC has experienced a stable growth which was in line with higher building project completion rate during the six months ended 30 June 2021, which has driven the increase in the production and sales volume of construction and architectural glass products during the post-COVID-19 period. In the PRC, most of the building projects have resumed operation right after the Chinese New Year in 2021. There are also significant increases in the demand for the construction energy-saving low-E glass products. The Group has therefore achieved a sales growth in the architectural glass segment with its aggressive marketing strategy and the offering of better value-added and more advanced glass products.

The PRC float glass market has experienced a strong demand with significant increase in the average selling prices since the middle of 2020. The strong market demand continued during the first half of 2021 which was driven by the high completion rate of new buildings. Also, on the supply side, the PRC government still restricts the construction of new float glass production lines for the environmental protection purpose. The Group also supplied ultra-clear float glass products for the use as the back glass in solar panels because of the increasing demand during the fourth quarter of 2020 and the first quarter of 2021.

In order to achieve a sales growth in the post-COVID-19 period amid the additional import tariff imposed by the US government on the PRC exports and the increase in the international freight costs, the Group has put in operation flexible marketing and production strategies for its automobile glass business. The Group has started using various conferencing and communications tools and platforms to allow the overseas customers to reach our sales staff around the clock throughout the year. With new product development for applications on advanced driver assistance systems ("ADAS"), head up display ("HUD"), sound proofing, low-e coating, sun-roof, Solaco and value-added parts which are suitable for new and existing car models have been developed by us and are ready to be launched as and when appropriate.

At the same time, the Group has been exploring with new customers in the PRC and abroad new products and new business opportunities for the purpose of strengthening the brand awareness of the Group and the sales of its new and existing product series. Currently, the Group's automobile glass products are sold to customers in more than 130 countries including automobile repair service businesses, wholesalers and car makers.

As one of the major players in the global glass industry, the Group has secured its market-leading position and continued to enhance the benefits secured by its economies of scale through timely strategic expansion of the production capacity in different product segments and construction of new production facilities with new and refined production process at different locations within the PRC and Malaysia. The Group has also secured float glass production facilities and the relate rights and permits to expand the production capacity under the supply-side reform policy implemented by the PRC government during the period.

Chairman's Statement

The Group has also implemented a series of measures to enhance the stringent control on the cost of sourcing of raw materials, own and operate silica sand supply chain, re-cycle selected raw materials and re-engineer the production flow for the purpose of maximizing the production efficiency, including the use of distributed solar power system and low-temperature recycling residual heat systems to generate electricity and hot water for internal consumption.

To maintain its competitiveness, the Group has successfully developed and launched a wide range of high value-added and specialty glass products while taking the advantage of the supportive measures implemented under the Thirteenth Five-Year Plan of the PRC government.

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

At the same time, the Group has enhanced its productivity and yield rate through innovation in many aspects, such as continuous investments in R&D, including the investments in production engineering, information technology, big data analysis, environmental control and operational management, along with the continuous improvements in the production process, automation and well-planned equipment maintenance programs, have enhanced its productivity and yield rate, which, in turn, have reduced carbon emissions, wastage, overall labour, production and energy costs during the period.

The Group's engineering and design division has designed one of the most advanced and the latest world-class float glass production lines in the PRC and Malaysia. The economies of scale have enabled significant savings in procurement costs, production and fixed costs and fuel costs. To further control the energy costs, the Group is harnessing clean environmental-friendly energy through implementing rooftop distributed solar power generation systems and low-temperature recycling residual heat power co-generation systems.

In addition, natural gas can be used as the fuel for the production of high-quality float glass, which can reduce carbon emissions, improve the quality of the floor glass products and enhance the energy cost structure of the Group.

The R&D team continuous to develop new glass products and improve product quality to capture the new market opportunities.

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

During the period, the consolidated revenue generated from the Group's automobile glass, architectural glass and high-quality float glass segments has achieved a remarkable growth, as compared with other industry peers in China and other markets. These results demonstrate that the Group's combination of its diversified business segments, integrated production chain, global market coverage, upgraded product structure and the expanded high value-added product mix can alleviate the operational pressure and risk in any specific business segment or country and overcome an uncertain and competitive market environment.

STRONG FINANCIAL POSITION FOR FUTURE EXPANSION

The Group has solid financial position with HK\$7,475.0 million cash on hand with a low net debt gearing ratio of 13.9% as at 30 June 2021. With the strong credit history and low HIBOR environment, the Group enjoyed a low effective borrowing rate at 1.12%. During the period, the Group has obtained a total of HK\$5,300 million green loans, a clear demonstration of its multiple financing channels to support the CAPEX and future expansion.

Chairman's Statement

BUSINESS OUTLOOK

The Group will continue to use flexible and integrated production chain management, logistics and marketing strategies for the purpose of improving the automation and upgrading through adopting advanced technologies at its facilities in order to further improve operational efficiency and maintain its leadership and competitiveness at the forefront of global glass manufacturers.

The PRC government continued to tighten the supply-side reform policy and hence, the PRC government would not encourage the construction of new float glass production capacity. Acquisition of the existing production plants with approved production capacity by swapping and phasing out the obsolete and non-compliant float glass production lines to comply with stricter environmental standards on air emissions under the national policy of carbon neutrality. The Group is embarking on prudent and flexible strategies in response to the current situation of the float glass market in the PRC and the global markets.

The prices of the low soda ash are expected to continue to remain strong in the second half of 2021 due to the strong demand in the PRC market. The energy cost would also be higher as compared to 2020 due to the PRC economy has substantially recovered from the impact of COVID-19. Thus, the Group is cautiously optimistic about the float glass market as well as the average selling price trend in the second half of 2021. The Group also expects that the global economy would be recovered and would also improve the global demand for glass products.

The Group has been operating its first silica sand mine and processing factory in Beihai, Guangxi since the end of 2020. These operations represent that the Group has a higher integration of glass production flow and better control of major raw material cost and quality. The Group will continue to explore more opportunities for new sources of raw materials in the future.

The Sino-US trade tension has resulted in additional tariffs imposed by the US government on imports from the PRC of aftermarket automobile glass. The tariffs create pressure on the Group as well as its customers. The new automobile glass production line in Malaysia will commence commercial production by the end of the year. This is expected to mitigate the impact of the US additional tariffs on the PRC imports.

The PRC government is expected to adopt further proactive economic and monetary policy to stimulate the internal circulation in 2021 and lead to more construction activities in the post COVID-19 period. These trends would be positive to the demand of float glass and architectural glass businesses.

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

After years of expanding its production facilities in the major economic zones of the PRC and South East Asia, the Group is exploring the acquisitions and new expansion opportunities in the PRC and abroad where can provide attractive and larger market access, low cost of raw materials, better production and energy costs and favourable tax treatment and other incentives.

The phrase one production lines in Beihai, Guangxi and Zhangjiagang, Jiangsu has commenced full operations in the second half of 2020. It has strengthened the Group's market coverage in both Eastern and Western PRC. The construction of phrase two of Beihai production complex and Yingkou production complex will commence during the second half of 2021.

The Group will continue to put adequate resources on product research and development, improvements in product quality and introduction of new products. Exploration of new markets, achieving carbon neutrality and maintaining production safety and competitiveness and ultimately, enhance its profitability will continue to form part of the core value of the business of the Group.

Chairman's Statement

CONCLUSION

The Group continues to tackle the challenges and uncertainties amid changes in the global markets and the spread of the COVID-19 pandemic. The Group continues to bolster its efficiency and increase its profitability through more effective management in the information technology, logistics, operational, marketing and R&D activities and the close business collaborations with its customers and suppliers. The Directors believe that this approach allows the Group to maximise the benefits from different business opportunities emerged in the PRC and overseas markets. The Directors are cautiously optimistic about the Group's long-term business development prospects.

The Group continues to adopt the proven business strategies to sustain and strengthen growth with new business ideas. To maintain its industry-leading position, the Group is exploring a vertical expansion of its business presence in the global glass market through a wider spectrum of industries, applications and products as well as other opportunities.

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, 2 August 2021

Management's Discussion and Analysis

FINANCIAL REVIEW

During the six months ended 30 June 2021, the revenue and the net profit of the Group were HK\$13,575.5 million and HK\$5,377.0 million, respectively, representing a significant increase of 90.3% and 289.0% as compared with HK\$7,134.0 million and HK\$1,382.4 million, respectively, for the six months ended 30 June 2020.

REVENUE

The increase in the revenue for the six-month period under review was mainly attributable to the improvement in all of the Group's three glass business divisions in comparison to the low base in the same period during 2020 due to the impact of COVID-19. The higher average selling price due to the strong market demand in the first half of the year contributed to the float glass revenue increase of 138.6% as compared with the same period in 2020.

The increase of automobile glass revenue was mainly attributable to the sales volume increase in the overseas sales of automobile glass due to the re-opening of the economy and social activities in major overseas countries arising from the recovery from COVID-19 during the period.

Government policies towards the PRC property market have not eased and construction activities there remained very competitive during the six-month period under review. With the government policies on environmental protection and the encouragement of energy-saving buildings in the PRC, the Directors expect that the demand for the Group's architectural low emission ("Low-E") glass will continue to increase. As a leading domestic Low-E glass manufacturer, the Group enjoys economies of scale and a nationwide sales and delivery network. The increase of sales was mainly attributable to the stronger demand from more new building completion projects as compared with the same period in 2020.

GROSS PROFIT

The Group's gross profit for the six months ended 30 June 2021 increased by 194.8% to HK\$7,199.0 million as compared with HK\$2,441.7 million for the same period in the previous year. The gross profit margin increased to 53.0% during the six-month period under review as compared with 34.2% in 2020.

Management's Discussion and Analysis

The increase in the float glass's gross margin was a result of the higher selling price in the strong market environment within the PRC. The increase of gross profit margins of the automobile glass was mainly due to improvement in production efficiency and greater economies of scale from a higher sales volume. The slight drop of gross profit margin of the architectural glass businesses was mainly due to higher production costs during the period.

OTHER INCOME

Other income slightly decreased to HK\$217.9 million, as compared with HK\$244.5 million for the same period last year. The decrease was mainly attributable to smaller government grants received during the period.

OTHER LOSSES - NET

Other losses for the six months ended 30 June 2021 were HK\$21.0 million, as compared with other losses of HK\$48.1 million for the six months ended 30 June 2020. The decrease was mainly due to reduced unrealized fair value losses on financial assets at FVTPL, incurred in the same period in 2020.

SELLING AND MARKETING EXPENSES

Selling and marketing expenses increased by 44.9% to HK\$681.0 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 39.6% to HK\$1,096.8 million for the six months ended 30 June 2021. The increase was principally attributable to higher expenses incurred for research and development and local PRC government taxes and charges during the period under review.

Management's Discussion and Analysis

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 of profits increased to HK\$728.9 million, compared with HK\$356.2 million in 2020. The increase was mainly due to higher sales of solar glass and solar farm businesses in 2020.

FINANCE COSTS

Finance costs decreased by 43.5% to HK\$69.5 million for the six months ended 30 June 2021. The decrease was principally due to the lower overall bank borrowing rate during the period under review. The lower 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 were charged to the income statements of the Group following the commencement of commercial production at the relevant production facilities. Interest amounting to HK\$9.2 million was capitalised under construction-in-progress for the six months ended 30 June 2021.

EARNINGS BEFORE INTEREST, TAXATION, DEPRECIATION AND AMORTISATION ("EBITDA")

EBITDA increased by 213.1% to HK\$7,057.3 million for the six months ended 30 June 2021, as compared with HK\$2,253.7 million during the same period in 2020.

INCOME TAX EXPENSE

Tax expense amounted to HK\$918.6 million for the six months ended 30 June 2021. The effective tax rate of the Group was slightly decreased to 14.6% compared with the same period of 2020 (excluding the non-taxable income from dilution and disposals of Xinyi Solar's shares in 2020). The increase was mainly attributable to the higher 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.

Management's Discussion and Analysis

NET PROFIT

Net profit for the six months ended 30 June 2021 was HK\$5,377.0 million, representing an increase of 289.0% as compared with the same period in 2020. The net profit margin for the period under review increased to 39.6% from 19.4%, principally due to the increases in the gross profits of float glass, automobile glass and architectural glass.

TRADE AND OTHER RECEIVABLE

Trade and other receivables increased 62.4% to HK\$7,983.8 million for the six months ended 30 June 2021. The significant increase is mainly due to an amount of HK\$1,008.9 million prepayment for an acquisition of a glass manufactory company in Hainan Province, the PRC.

CAPITAL EXPENDITURE AND COMMITMENTS

For the six months ended 30 June 2021, the Group incurred an aggregate capital expenditure amounting to HK\$1,149.8 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 2021 amounted to HK\$1,562.9 million (2020: HK\$862.4 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

Save as disclosed in this report, there has been no material change in the capital structure of the Company during the period. The capital of the Group's companies are only the ordinary shares.

NET CURRENT ASSETS AND CURRENT RATIO

As at 30 June 2021, the Group had net current assets of HK\$5,750.1 million, with the current ratio of 1.45 (2020: 1.32). The rise of net current ratio represented more liquid assets and the stronger financial position maintained in the current period. The Group has adequate funds to meet the payment obligation of the current liabilities.

Management's Discussion and Analysis

FINANCIAL RESOURCES AND LIQUIDITY

During the six months ended 30 June 2021, 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 2021, the net cash inflow from operating activities amounted to approximately HK\$2,514.6 million (2020: HK\$1,142.5 million) and the Group had cash and cash equivalents of HK\$7,475.0 million (2020: HK\$5,024.3 million).

BANK BORROWINGS

As at 30 June 2021, total bank borrowings were HK\$11,819.1 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 2021 declared interim dividends and 2020 proposed final dividend respectively), was at 13.9% as at 30 June 2021, as compared with 22.4% as at 31 December 2020. The decrease of net gearing ratio was principally due to higher net profit and higher cash balances incurred during the period.

PLEDGE OF ASSETS

As at 30 June 2021, a bank balance of HK\$59.4 million (2020: HK\$44.5 million) has been pledged as collateral principally for import duties payable to the US government.

CONTINGENT LIABILITIES

As at 30 June 2021, the Group did not have any significant contingent liabilities (2020: 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 2021.

Management's Discussion and Analysis

TREASURY POLICIES AND EXPOSURE TO FLUCTUATION IN EXCHANGE RATES

The Group's transactions are mainly denominated in Renminbi, US dollars, Malaysia Ringgit, Euro, Australian dollars, Japanese Yen and Hong Kong dollars, with principal production activities conducted in China. As at 30 June 2021, the Group's bank borrowings were denominated in Hong Kong dollars bearing effective interest rates at 1.12% 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 2021, the Group did not use any financial instrument for hedging purposes.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2021, the Group had 14,059 full-time employees of whom 13,220 were based in China and 839 in Hong Kong and other countries and territories respectively. The Group maintains a good professional relationship with its employees providing them with a positive working environment. It provides employees with training on the latest business and professional knowledge including applications of the Group's products and developing skills in maintaining good client relationships. Remuneration packages offered to the Group's employees are consistent with prevailing market levels and are reviewed on a regular basis. Discretionary bonuses may be provided to selected employees taking into consideration the Group's performance and that of the individual employee.

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

Condensed Consolidated Balance Sheet

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

	Note	As at	
		30 June 2021 (Unaudited)	31 December 2020 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	6	17,331,422	17,141,977
Right-of-use assets	5(A)	3,826,254	3,813,922
Investment properties	7	1,747,512	1,734,122
Prepayments for property, plant and equipment and right-of-use assets	9	829,630	654,196
Intangible assets		487,038	484,375
Financial assets at fair value through other comprehensive income	21	43,930	29,006
Investments in associates	8	8,622,686	8,230,998
Deferred income tax assets		40,628	41,790
Fixed deposits	10	168,148	—
		33,097,248	32,130,386
Current assets			
Inventories		3,243,678	2,496,254
Loans to associates		—	657
Trade and other receivables	9	7,983,784	4,916,167
Financial assets at fair value through profit and loss	21	—	223,553
Pledged bank deposits	10	59,404	59,518
Fixed deposits	10	2,215,950	—
Cash and bank balances	10	5,031,538	5,244,554
		18,534,354	12,940,703
Total assets		51,631,602	45,071,089

Condensed Consolidated Balance Sheet

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

	Note	As at	
		30 June 2021 (Unaudited)	31 December 2020 (Audited)
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	11	405,396	403,950
Share premium	11	724,642	535,560
Other reserves	12	3,931,685	3,661,450
Retained earnings		26,145,126	23,280,614
		<u>31,206,849</u>	<u>27,881,574</u>
Non-controlling interests		97,880	91,775
		<u>31,304,729</u>	<u>27,973,349</u>
LIABILITIES			
Non-current liabilities			
Bank and other borrowings	14	6,960,507	7,794,815
Deferred income tax liabilities		411,966	409,954
Lease liabilities	5(B)	39,036	52,417
Other payables	13	131,065	146,211
		<u>7,542,574</u>	<u>8,403,397</u>

Condensed Consolidated Balance Sheet

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

	Note	As at	
		30 June 2021 (Unaudited)	31 December 2020 (Audited)
Current liabilities			
Trade, other payables and contract liabilities	13	6,680,621	3,917,129
Current income tax liabilities		1,214,392	967,180
Lease liabilities	5(B)	30,644	30,841
Bank and other borrowings	14	4,858,642	3,779,193
		<u>12,784,299</u>	<u>8,694,343</u>
Total liabilities		<u>20,326,873</u>	<u>17,097,740</u>
Total equity and liabilities		<u>51,631,602</u>	<u>45,071,089</u>
Total assets less current liabilities		<u>38,847,303</u>	<u>36,376,746</u>

Condensed Consolidated Income Statement

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

		Unaudited Six months ended 30 June	
	Note	2021	2020
Revenue	4	13,575,531	7,133,956
Cost of sales	15	<u>(6,376,499)</u>	<u>(4,692,299)</u>
Gross profit		7,199,032	2,441,657
Other income	4	217,923	244,520
Other losses - net	16	(21,031)	(48,093)
Selling and marketing costs	15	(681,028)	(470,158)
Administrative expenses	15	<u>(1,096,841)</u>	<u>(785,968)</u>
Operating profit		5,618,055	1,381,958
Finance income	17	24,280	26,416
Finance costs	17	(69,500)	(122,992)
Share of profits of associates	8	<u>728,916</u>	<u>356,189</u>
Profit before income tax		6,301,751	1,641,571
Income tax expense	18	<u>(918,551)</u>	<u>(253,567)</u>
Profit for the period		<u>5,383,200</u>	<u>1,388,004</u>
Profit attributable to:			
– Equity holders of the Company		5,376,967	1,382,387
– Non-controlling interests		<u>6,233</u>	<u>5,617</u>
Profit for the period		<u>5,383,200</u>	<u>1,388,004</u>
Earnings per Share for profit attributable to the equity holders of the Company during the period (expressed in Hong Kong cents per Share)			
– Basic	20	133.4	34.4
– Diluted	20	131.7	34.3

Condensed Consolidated Statement of Comprehensive Income

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

	Unaudited Six months ended 30 June	
	2021	2020
Profit for the period	<u>5,383,200</u>	<u>1,388,004</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	14,924	(17,451)
Items that may be reclassified subsequently to the consolidated income statement:		
Currency translation differences	212,230	(571,974)
Share of other comprehensive income of investments accounted for using the equity method	<u>41,319</u>	<u>(110,123)</u>
Total comprehensive income for the period	<u>5,651,673</u>	<u>688,456</u>
Total comprehensive income for the period attributable to:		
– Equity holders of the Company	5,645,421	683,268
– Non-controlling interests	<u>6,252</u>	<u>5,188</u>
	<u>5,651,673</u>	<u>688,456</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 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	11(a) 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 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 2019 and 1 January 2020	401,922	388,161	867,623	19,188,635	20,846,341	81,085	20,927,426	
Comprehensive income								
Profit for the period	—	—	—	1,382,387	1,382,387	5,617	1,388,004	
Other comprehensive income								
Changes in fair value of financial assets at FVOCI	—	—	(17,451)	—	(17,451)	—	(17,451)	
Share of other comprehensive income of investments accounted for using equity method	—	—	(110,123)	—	(110,123)	—	(110,123)	
Currency translation differences	—	—	(571,545)	—	(571,545)	(429)	(571,974)	
Total comprehensive income	—	—	(699,119)	1,382,387	683,268	5,188	688,456	
Transactions with owners								
Employees share option scheme:								
– Proceeds from shares issued	11(a)	953	69,010	(10,664)	—	59,299	—	59,299
– Value of employee services		—	—	21,225	—	21,225	—	21,225
– Release on forfeiture of share options		—	—	(131)	131	—	—	—
Repurchase and cancellation of shares		(621)	(64,679)	621	(621)	(65,300)	—	(65,300)
Transfer to reserves		—	—	8,168	(8,168)	—	—	—
Dividend paid to non-controlling interest		—	—	—	—	(646)	(646)	
Dividends relating to 2019	19	—	—	—	(1,206,344)	—	(1,206,344)	
Total transactions with owners		332	4,331	19,219	(1,215,002)	(1,191,120)	(646)	(1,191,766)
Balance at 30 June 2020		402,254	392,492	187,723	19,356,020	20,338,489	85,627	20,424,116

Condensed Consolidated Cash Flow Statement

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

	Unaudited	
	Six months ended 30 June	
	2021	2020
Cash flows from operating activities		
Cash generated from operations	3,265,639	1,562,100
Interest paid	(76,294)	(165,883)
Income tax paid	(674,705)	(253,699)
	<hr/>	<hr/>
Cash flows from operating activities - net	2,514,640	1,142,518
Cash flows from investing activities		
Payment for right-of-use assets in relation to land use rights	(260,611)	(33,140)
Purchase of property, plant and equipment	(887,061)	(1,418,458)
Loan repayment from an associate	657	6,780
Purchase of financial assets at fair value through profit and loss	—	(288,444)
Proceeds from disposal of financial assets at fair value through profit and loss	303,543	82,757
Addition to investment in associates	—	(204,864)
Dividend received from associates	36,410	206,095
Increase in fixed deposits	(2,384,098)	(301,271)
Interests received	24,280	21,183
Other investing activities	19,891	18,451
	<hr/>	<hr/>
Cash flows used in investing activities - net	(3,146,989)	(1,910,911)

Condensed Consolidated Cash Flow Statement

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

	Unaudited	
	Six months ended 30 June	
	2021	2020
Cash flows from financing activities		
Proceeds from bank borrowings	2,006,990	3,735,059
Repayment of banks borrowings	(1,761,849)	(3,299,286)
Repayment of lease liabilities	(15,954)	466
Dividends paid to non-controlling interests	(3,765)	(646)
Share repurchased and cancelled	—	(65,300)
Net proceeds from issuance of ordinary shares by share options	161,119	59,299
Cash flows from financing activities - net	386,541	429,592
Net decrease in cash and cash equivalents	(245,808)	(338,801)
Cash and cash equivalents at beginning of the period	5,244,554	5,097,924
Effect of foreign exchange rate changes	32,792	(80,539)
Cash and cash equivalents at end of the period	5,031,538	4,678,584

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 of Directors on 2 August 2021.

2 BASIS OF PREPARATION

This unaudited condensed consolidated interim financial information for the six months ended 30 June 2021 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 2020, 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 2020, as described in 2020 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 amendments to standards and interpretations are effective for accounting periods beginning on or after 1 January 2021. The adoption of these amendments to standards 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
HKFRS 16 (Amendment)	COVID-19-Related Rent Concessions	1 June 2020
HKFRS 4, HKFRS 7, HKFRS 9, HKFRS 16 and HKAS 39 (Amendments)	Interest Rate Benchmark Reform Phase 2	1 January 2021
HKFRS 16 (Amendment)	COVID-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
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
HKFRSs (Amendments)	Annual Improvements 2018-2020 Cycle	1 January 2022

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 1 (Amendments)	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)	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
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
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 and 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 and interpretations that are not effective for current accounting period.

Notes to the Condensed Consolidated Financial Information

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.

Due to the change in market trend and operational perspective, the Group has reclassified the low emission glass (“**low-E glass**”) business from architectural glass segment to float glass segment during the year of 2020. Low-E glass, the energy saving glass with a coating from float glass, is considered to have more similar economic characteristics to float glass segment, including the type and class of customers, key performance indicators of the operating results and chief decision maker. The Group has adopted the new segment reporting format effective from the year ended 31 December 2020. The comparative segment information has been re-presented to reflect changes of reclassification of the low-E glass business.

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

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

Notes to the Condensed Consolidated Financial Information

4 SEGMENT INFORMATION (Continued)

The re-presented unaudited segment revenue for the period ended 30 June 2020 and the audited segment assets and liabilities as at 31 December 2020:

	Float glass	Automobile glass	Architectural glass	Unallocated	Total
Segment revenue	4,974,684	2,161,148	937,019	—	8,072,851
Inter-segment revenue	(938,895)	—	—	—	(938,895)
Revenue from external customers	4,035,789	2,161,148	937,019	—	7,133,956
Cost of sales	(3,030,121)	(1,152,804)	(509,374)	—	(4,692,299)
Gross profit	1,005,668	1,008,344	427,645	—	2,441,657
Depreciation of property, plant and equipment (Note 15)	334,050	84,935	50,287	2,897	472,169
Amortisation					
– leasehold land and land use rights (Note 15)	12,450	2,737	706	26,485	42,378
– intangible assets (Note 15)	—	1,039	—	—	1,039
Provision for/(reversal of provision for) impairment of trade and other receivables, net (Note 15)	—	2,264	(708)	—	1,556

	Assets and liabilities				Total
	Float glass	Automobile glass	Architectural glass	Unallocated	Total
Total assets	20,203,797	7,134,112	2,079,505	15,653,675	45,071,089
Total assets included:					
Investments in associates (Note 8)	—	—	—	8,230,998	8,230,998
Loans to associates	—	—	—	657	657
Investment properties	—	—	—	1,734,122	1,734,122
Additions to non-current assets (other than financial assets at FVOCI)	3,337,087	137,519	109,050	235,709	3,819,365
Total liabilities	2,138,481	1,150,421	1,013,840	12,794,998	17,097,740

Notes to the Condensed Consolidated Financial Information

4 SEGMENT INFORMATION (Continued)

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

	Unaudited For the six months ended 30 June	
	2021	2020
Segment gross profit	7,199,032	2,441,657
Unallocated:		
Other income	217,923	244,520
Other losses, net	(21,031)	(48,093)
Selling and marketing costs	(681,028)	(470,158)
Administrative expenses	(1,096,841)	(785,968)
Finance income	24,280	26,416
Finance costs	(69,500)	(122,992)
Share of profits of associates	728,916	356,189
Profit before income tax	<u>6,301,751</u>	<u>1,641,571</u>

Notes to the Condensed Consolidated Financial Information

4 SEGMENT INFORMATION (Continued)

Reportable segments assets/(liabilities) for the period ended 30 June 2021 and the year ended 31 December 2020 are reconciled to total assets/(liabilities) as follows:

	Assets		Liabilities	
	2021 (Unaudited)	2020 (Audited)	2021 (Unaudited)	2020 (Audited)
Segment assets/(liabilities)	33,283,237	29,417,414	(4,754,113)	(4,302,742)
Unallocated:				
Property, plant and equipment	1,540,530	1,478,451	—	—
Right-of-use assets	2,212,844	2,190,874	—	—
Investment properties	1,747,512	1,734,122	—	—
Prepayments for property, plant and equipment and right-of-use assets	219,946	1,633	—	—
Financial assets at FVOCI	43,930	29,006	—	—
Financial assets at fair value through profit and loss	—	223,553	—	—
Investments in associates	8,622,686	8,230,998	—	—
Balances with associates	—	657	—	—
Prepayments, deposits and other receivables	2,271,446	775,093	—	—
Cash and bank balances	1,689,471	989,288	—	—
Other payables	—	—	(956,658)	(626,354)
Dividend payables	—	—	(2,512,470)	—
Current income tax liabilities	—	—	(179,939)	(185,118)
Deferred income tax liabilities	—	—	(411,534)	(409,518)
Bank and other borrowings	—	—	(11,512,159)	(11,574,008)
Total assets/(liabilities)	51,631,602	45,071,089	(20,326,873)	(17,097,740)

Notes to the Condensed Consolidated Financial Information

4 SEGMENT INFORMATION (Continued)

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

	Unaudited For the six months ended 30 June	
	2021	2020
Sales of float glass	9,628,504	4,035,789
Sales of automobile glass	2,584,501	2,161,148
Sales of architectural glass	1,362,526	937,019
Total	<u>13,575,531</u>	<u>7,133,956</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 For the six months ended 30 June	
	2021	2020
Greater China	10,544,213	4,745,058
North America	1,081,876	953,066
Europe	376,094	254,584
Other countries	1,573,348	1,181,248
	<u>13,575,531</u>	<u>7,133,956</u>

Notes to the Condensed Consolidated Financial Information

4 SEGMENT INFORMATION (Continued)

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

	As at	
	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Greater China	30,921,756	30,025,323
Malaysia	2,124,373	2,068,201
Other countries	<u>7,189</u>	<u>7,856</u>
	<u>33,053,318</u>	<u>32,101,380</u>

5 LEASES

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

	Leasehold lands and land-use rights	Buildings	Total
Period ended 30 June 2021 (Unaudited)			
Opening net book amount	3,736,876	77,046	3,813,922
Currency translation differences	29,941	—	29,941
Additions	47,127	—	47,127
Depreciation charges	<u>(49,163)</u>	<u>(15,573)</u>	<u>(64,736)</u>
Closing net book amount	<u>3,764,781</u>	<u>61,473</u>	<u>3,826,254</u>

Notes to the Condensed Consolidated Financial Information

5 LEASES (Continued)

5 (B) Lease liabilities

	As at	
	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Current	30,644	30,841
Non-current	39,036	52,417
As at 30 June/31 December	69,680	83,258

Notes:

- (a) The total cash outflow for the leases during the period was HK\$15,954,000.
- (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 5.2 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\$104,000 were capitalised as direct cost of construction in progress during the period ended 30 June 2021 when the building thereon were not yet ready for production purposes. For the period ended 30 June 2021, depreciation of the Group’s right-of- use assets amounted to HK\$64,632,000 were charged to the consolidated income statement (*Note 15*).

Notes to the Condensed Consolidated Financial Information

6 PROPERTY, PLANT AND EQUIPMENT

	Six months ended 30 June 2021 (Unaudited)					Total
	Construction in progress	Freehold land	Buildings	Plant and machinery	Office equipment	
Opening net book amount as at 1 January 2021	1,039,701	145,261	4,102,732	11,811,531	42,752	17,141,977
Currency translation differences	6,565	(4,041)	8,221	50,553	313	61,611
Additions	774,634	—	15,380	109,182	23,114	922,310
Transfers	(750,247)	—	415,913	332,754	1,580	—
Disposals	(10,586)	—	(1,131)	(14,431)	(131)	(26,279)
Depreciation charge	—	—	(102,465)	(653,427)	(12,305)	(768,197)
Closing net book amount as at 30 June 2021	<u>1,060,067</u>	<u>141,220</u>	<u>4,438,650</u>	<u>11,636,162</u>	<u>55,323</u>	<u>17,331,422</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 2021 (Unaudited)	31 December 2020 (Audited)
As at 1 January	1,734,122	1,671,971
Currency translation differences	13,390	109,200
Disposal	—	(50,280)
Fair value gains	—	3,231
As at 30 June/31 December	<u>1,747,512</u>	<u>1,734,122</u>

As at 30 June 2021, 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 2020 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 2021 (Unaudited)	31 December 2020 (Audited)
Fair value hierarchy (level 3):		
– Commercial building – Xiamen, the PRC	1,427,576	1,416,180
– Commercial building – Shenzhen, the PRC	131,396	130,347
– Office building – Wuhu, the PRC	115,302	114,382
– Office unit – Hong Kong	70,160	70,160
	<u>1,744,434</u>	<u>1,731,069</u>
At cost		
– Commercial units – Shenzhen, the PRC	3,078	3,053
	<u>1,747,512</u>	<u>1,734,122</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 2021 (Unaudited)	31 December 2020 (Audited)
At 1 January	8,230,998	5,554,275
Currency translation differences	175	1,485
Addition to investment in an associate	—	374,323
Dilution of interests in an associate	—	1,169,868
Share of profits of associates	728,916	1,124,341
Dividend received	(378,722)	(402,128)
Share of other comprehensive income	41,319	408,834
	<hr/>	<hr/>
At 30 June/31 December	8,622,686	8,230,998

Notes to the Condensed Consolidated Financial Information

9 TRADE AND OTHER RECEIVABLES

	As at	
	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Trade receivables (note (a))	1,789,296	1,448,055
Less: provision for impairment of trade receivables	<u>(38,544)</u>	<u>(37,444)</u>
	1,750,752	1,410,611
Bills receivables (note (b))	<u>2,927,350</u>	<u>1,821,724</u>
Trade and bills receivables – net	4,678,102	3,232,335
Prepayments, deposits and other receivables	<u>4,135,312</u>	<u>2,338,028</u>
	<u>8,813,414</u>	<u>5,570,363</u>
Less: non-current portion Prepayments for property, plant and equipment and land use rights	<u>(829,630)</u>	<u>(654,196)</u>
	<u>7,983,784</u>	<u>4,916,167</u>

Notes to the Condensed Consolidated Financial Information

9 TRADE AND OTHER RECEIVABLES (Continued)

- (a) The credit period granted by the Group to its customers is generally from 30 to 90 days. At 30 June 2021 and 31 December 2020 the ageing analysis of the Group's trade receivables, based on the invoice date, was as follows:

	As at	
	30 June 2021 (Unaudited)	31 December 2020 (Audited)
0-90 days	1,390,671	1,127,390
91-180 days	236,573	157,229
181-365 days	59,693	69,325
1-2 years	62,999	71,836
Over 2 years	39,360	22,275
	<u>1,789,296</u>	<u>1,448,055</u>

- (b) All the 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 BANK BALANCES

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

	As at	
	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Cash and bank balances and pledged bank deposits	7,475,040	5,304,072
Less:		
– Pledged bank deposits (note a)	(59,404)	(59,518)
– Fixed deposits (note b)	<u>(2,384,098)</u>	<u>—</u>
Cash and bank balances	<u>5,031,538</u>	<u>5,244,554</u>

Notes:

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

Notes to the Condensed Consolidated Financial Information

11 SHARE CAPITAL

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

	Note	Number of Shares	Ordinary shares of HK\$0.1 each	Share Premium	Total
Authorised:					
As at 31 December 2020 and 30 June 2021		<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 2021		4,039,494,647	403,950	535,560	939,510
Issues of Shares under an employees’ share option scheme	(a)	<u>14,465,200</u>	<u>1,446</u>	<u>189,082</u>	<u>190,528</u>
As at 30 June 2021		<u>4,053,959,847</u>	<u>405,396</u>	<u>724,642</u>	<u>1,130,038</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			
	2021		2020	
	Average exercise price in HK dollar per Share	Options (thousands)	Average exercise price in HK dollar per Share	Options (thousands)
At 1 January	9.89	93,933	9.35	91,012
Granted	23.35	34,700	8.82	32,000
Exercised	11.14	(14,465)	6.23	(9,533)
Lapsed	17.75	(4,681)	8.15	(1,887)
Expired	7.28	(12)	4.81	(143)
	<u>13.65</u>	<u>109,475</u>	<u>9.49</u>	<u>111,449</u>
At 30 June				

Out of the 109,475,000 outstanding options, 13,264,000 options were exercisable as at 30 June 2021. Options exercised in 2021 resulted in 14,465,000 Shares being issued at a weighted average price at the time of exercise of HK\$11.14 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 2022	11.74	13,264
31 March 2023	9.53	32,798
31 March 2024	8.82	31,258
31 March 2025	23.35	32,155
		<hr/>
		109,475
		<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	2 March 2021
Option valued	HK\$4.7784
Share price at the date of grant	HK\$23.35
Exercisable price	HK\$23.35
Expected volatility	36.2800%
Annual risk-free interest rate	0.3323%
Life of option	3 years and 6 months
Dividend yield	3.3833%

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	Share revaluation reserve	Property redemption reserve	Capital reserve	FVOC reserve	Subtotal	Retained earnings	Total
Balance at 1 January 2021	2,338,112	46,867	741,559	405,241	79,223	37,227	22,111	—	(8,890)	3,661,450	23,280,614	26,942,064
Profit for the period	—	—	—	—	—	—	—	—	—	—	5,376,967	5,376,967
Change in value of financial assets at FVOCI	—	—	—	—	—	—	—	—	14,924	14,924	—	14,924
Share of the other comprehensive income of investments accounted for using the equity method	—	—	41,319	—	—	—	—	—	—	41,319	—	41,319
Currency translation differences	—	—	212,211	—	—	—	—	—	—	212,211	—	212,211
Employees' share option scheme:— Proceeds from shares issued	—	—	—	—	(29,409)	—	—	—	—	(29,409)	—	(29,409)
— Value of employee services	—	—	—	—	31,205	—	—	—	—	31,205	—	31,205
— Release on forfeiture of share options	—	—	—	—	(15)	—	—	—	—	(15)	15	—
Dividend relating to 2020	—	—	—	—	—	—	—	—	—	—	(2,512,470)	(2,512,470)
Balance at 30 June 2021	2,338,112	46,867	995,089	405,241	81,004	37,227	22,111	—	6,034	3,931,685	26,145,126	30,076,811

Notes to the Condensed Consolidated Financial Information

13 TRADE, OTHER PAYABLES AND CONTRACT LIABILITIES

	As at	
	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Trade payables (note (a))	1,458,059	1,396,216
Bill payables (note (b))	<u>195,172</u>	<u>74,379</u>
	1,653,231	1,470,595
Other payables	4,536,790	2,093,400
Contract liabilities	621,665	499,345
Less: non-current portion	<u>(131,065)</u>	<u>(146,211)</u>
Current portion	<u>6,680,621</u>	<u>3,917,129</u>

Notes:

- (a) At 30 June 2021 and 31 December 2020, the ageing analysis of the trade payables, based on the invoice date, was as follows:

	As at	
	30 June 2021 (Unaudited)	31 December 2020 (Audited)
0-90 days	1,270,640	1,274,881
91-180 days	68,566	38,905
181-365 days	70,594	32,254
1-2 years	16,933	18,608
Over 2 years	<u>31,326</u>	<u>31,568</u>
	<u>1,458,059</u>	<u>1,396,216</u>

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

Notes to the Condensed Consolidated Financial Information

14 BANK AND OTHER BORROWINGS

	As at	
	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Non-current		
Bank borrowings, guaranteed (note (a))	11,312,159	11,175,008
Less: Current portion	<u>(4,351,652)</u>	<u>(3,380,193)</u>
Shown as non-current liabilities	<u>6,960,507</u>	<u>7,794,815</u>
Current		
Short term bank borrowings, guaranteed	506,990	399,000
Current portion of long-term bank borrowings, guaranteed	<u>4,351,652</u>	<u>3,380,193</u>
Shown as current liabilities	<u>4,858,642</u>	<u>3,779,193</u>
Total bank and other borrowings	<u>11,819,149</u>	<u>11,574,008</u>

Note:

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

At 30 June 2021 and 31 December 2020, the Group's bank borrowings were repayable as follows:

	As at	
	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Within 1 year	4,858,642	3,779,193
Between 1 and 2 years	4,865,881	4,501,139
Between 2 and 5 years	<u>2,094,626</u>	<u>3,293,676</u>
	<u>11,819,149</u>	<u>11,574,008</u>

Notes to the Condensed Consolidated Financial Information

14 BANK AND OTHER BORROWINGS (Continued)

Note: (Continued)

At 30 June 2021 and 31 December 2020, the carrying amounts of the Group's bank borrowings are denominated in the following currencies:

	As at	
	30 June 2021 (Unaudited)	31 December 2020 (Audited)
HKD	11,512,159	11,574,008
RMB	306,990	—
	<u>11,819,149</u>	<u>11,574,008</u>

The carrying amounts of bank borrowings approximate their fair values as at 30 June 2021 and 31 December 2020.

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

	30 June 2021		31 December 2020
	HK\$	RMB	HK\$
Bank borrowings	<u>1.12%</u>	<u>1.84%</u>	<u>2.13%</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 For the six months ended 30 June	
	2021	2020
Depreciation and amortisation	710,372	515,586
Employee benefit expenses	934,803	712,218
Cost of inventories	4,633,031	3,551,380
Other selling expenses (including transportation and advertising costs)	394,728	238,980
Operating lease payments in respect of land and buildings	3,146	1,356
Provision for impairment of trade and other receivables, net	1,908	1,556
Other expenses, net	<u>1,476,380</u>	<u>927,349</u>
Total cost of sales, selling and marketing costs and administrative expenses	<u>8,154,368</u>	<u>5,948,425</u>

Notes to the Condensed Consolidated Financial Information

16 OTHER LOSSES — NET

	Unaudited For the six months ended 30 June	
	2021	2020
Losses on disposal and written-off of property, plant and equipment, net	(10,120)	(1,891)
Unrealised fair value gains (losses) on financial assets at FVTPL	24,697	(61,955)
Gain on disposal of financial assets at FVTPL	9,686	1,984
Other foreign exchange (losses) gains, net	(48,121)	10,813
Others	2,827	2,956
	<u>(21,031)</u>	<u>(48,093)</u>

Notes to the Condensed Consolidated Financial Information

17 FINANCE INCOME AND FINANCE COSTS

FINANCE INCOME

	Unaudited For the six months ended 30 June	
	2021	2020
Interest income on short-term bank deposits	<u>24,280</u>	<u>26,416</u>

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

FINANCE COST

	Unaudited For the six months ended 30 June	
	2021	2020
Interest on lease liabilities	2,376	—
Interest on bank borrowings	76,294	166,487
Less: interest expenses capitalised on qualified assets	<u>(9,170)</u>	<u>(43,495)</u>
	<u>69,500</u>	<u>122,992</u>

Notes to the Condensed Consolidated Financial Information

18 INCOME TAX EXPENSE

	Unaudited For the six months ended 30 June	
	2021	2020
Current income tax		
– Hong Kong profits tax (Note a)	19,660	8,002
– PRC corporate income tax (Note b)	726,490	200,896
– Overseas income tax (Note c)	129,776	1,740
– Withholding tax on remitted earnings (Note d)	42,641	49,728
Deferred income tax		
– Origination of temporary differences	(16)	(6,799)
	<u>918,551</u>	<u>253,567</u>

Note:

a. Hong Kong profits tax

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 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% (2020: 25%). Fourteen (2020: thirteen) 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%.

c. Overseas income tax

Taxation on overseas profits has been calculated on the estimated assessable profits for the periods ended 30 June 2021 and 2020 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

	For the six months ended 30 June	
	2021	2020
Final dividend payable for 2020 of 62.0 HK cents (2019: 30.0 HK cents) per Share	2,512,470	1,206,344
Declared interim dividend of 66.0 HK cents (2020: 17.0 HK cents) per Share	<u>2,676,199</u>	<u>685,921</u>
	<u>5,188,669</u>	<u>1,892,265</u>

Note:

At a meeting of the Board held on 2 August 2021, the Directors declared an interim dividend of 66.0 HK cents per Share for the six months ended 30 June 2021. The amount of 2021 declared interim dividend is based on 4,054,846,847 shares in issue as at 31 July 2021.

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 2021.

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 For the six months ended 30 June	
	2021	2020
Profit attributable to equity holders of the Company (HK\$'000)	5,376,967	1,382,387
Weighted average number of Shares in issue (thousands)	4,032,138	4,017,849
Basic earnings per Share (HK cents per Share)	<u>133.4</u>	<u>34.4</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 For the six months ended 30 June	
	2021	2020
Earnings		
Profit attributable to equity holders of the Company (HK\$'000)	5,376,967	1,382,387
Share of profit of an associate as a result of diluted earnings at associate level (HK\$'000)	(1,192)	(218)
	<u>5,375,775</u>	<u>1,382,169</u>
Weighted average number of Shares in issue (thousands)	4,032,138	4,017,849
Adjustments for:		
Share options (thousands)	50,384	6,625
	<u>4,082,522</u>	<u>4,024,474</u>
Weighted average number of Shares for diluted earnings per Share (thousands)		
	<u>4,082,522</u>	<u>4,024,474</u>
Diluted earnings per Share (HK cents per Share)	<u>131.7</u>	<u>34.3</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 2021 and 31 December 2020.

	Level 1	Level 2	Level 3	Total
At 30 June 2021				
Assets				
Financial assets at FVOCI				
– Equity securities	<u>43,930</u>	<u>—</u>	<u>—</u>	<u>43,930</u>
At 31 December 2020				
Assets				
Financial assets at FVOCI				
– Equity securities	29,006	—	—	29,006
Financial assets at FVTPL				
– Equity securities	<u>223,553</u>	<u>—</u>	<u>—</u>	<u>223,553</u>

21 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

FAIR VALUE ESTIMATION (Continued)

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. Instruments included in level 1 at 30 June 2021 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.

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 2021, there were no transfer between Level 1 and Level 2, or transfer into or out of Level 3 (2020: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Notes to the Condensed Consolidated Financial Information

22 COMMITMENTS CAPITAL

COMMITMENTS

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

	As at	
	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Contracted but not provided for property, plant and equipment, intangible assets and right-of-use assets	<u>1,562,862</u>	<u>862,434</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 For the six months ended 30 June	
	2021	2020
Purchases of goods from associates		
– Tianjin Wuqing District Xinke Natural Gas Investment Company Limited	140,143	64,803
– Beihai Yiyang Mineral Company Limited	—	121,466
– Dongyuan County Xinhuali Quartz Sand Company Limited	2,688	10,708
– A subsidiary of Xinyi Solar Holdings Limited (“Xinyi Solar”)	2,607	1,082
	<hr/>	<hr/>
Purchase of silica sands from an associate		
– A subsidiary of Xinyi Solar	21,161	—
	<hr/>	<hr/>
Purchases of goods from a related party		
– An entity controlled by the ultimate controlling parties	163	154
	<hr/>	<hr/>
Wind farm management fee paid to a related party		
– An entity controlled by the ultimate controlling parties	4,802	726
	<hr/>	<hr/>
Processing fee from lithium battery energy storage product paid to a related party		
– An entity controlled by the ultimate controlling parties	4,599	658
	<hr/>	<hr/>
Sales of goods to an associate		
– A subsidiary of Xinyi Solar	125,524	12,012
	<hr/>	<hr/>

Notes to the Condensed Consolidated Financial Information

23 RELATED PARTY TRANSACTION (Continued)

(A) TRANSACTION WITH RELATED PARTIES (Continued)

	Unaudited For the six months ended 30 June	
	2021	2020
Sales of goods to related parties		
– Entities controlled by the ultimate controlling parties	—	1,474
– An entity controlled by the ultimate controlling parties	<u>3,185</u>	<u>2,406</u>
Sales of machineries to an associate		
– A subsidiary of Xinyi Solar	<u>91,825</u>	<u>26,713</u>
Consultancy income received from an associate		
– A subsidiary of Xinyi Solar	<u>435</u>	<u>430</u>
Rental income received from an associate		
– A subsidiary of Xinyi Solar	<u>2,885</u>	<u>2,659</u>
Rental income received from a related party		
– An entity controlled by the ultimate controlling parties	<u>158</u>	<u>150</u>
Rental expenses paid to an associate		
– A subsidiary of Xinyi Solar	<u>553</u>	<u>509</u>
Engineering, procurement and construction service fee paid to an associate		
– A subsidiary of Xinyi Solar	<u>3,847</u>	<u>—</u>
Maintenance and services fee paid to an associate		
– A subsidiary of Xinyi Solar	<u>1,305</u>	<u>1,294</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 2021 (Unaudited)	31 December 2020 (Audited)
Balance with/loan advance to an associate – Dongyuan County Xinhuali Quartz Sand Company Limited	—	657
Receivable from an associate arising from sales of machineries and land parcel – A subsidiary of Xinyi Solar	45,219	91,690
Receivable from an associate arising from sales of goods – A subsidiary of Xinyi Solar	12,633	74,664
Receivable from an associate arising from provision of consultancy services – A subsidiary of Xinyi Solar	211	—
Receivable from a related party arising from sales of goods – An entity controlled by the ultimate controlling parties	1,785	664
Payable to an associate arising from purchase of goods – A subsidiary of Xinyi Solar	18,746	—

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 2021 (Unaudited)	31 December 2020 (Audited)
Payable to a related party arising from processing fees		
– An entity controlled by the ultimate controlling parties	<u>10,062</u>	<u>2,398</u>
Prepayment to an associate arising from purchase of goods		
– Beihai Yiyang Mineral Company Limited	<u>1,506</u>	<u>1,494</u>
Receivable from associate arising from management fee paid on behalf		
– A subsidiary of Xinyi Solar	<u>—</u>	<u>294</u>

Corporate Governance and Other Information on the Group

INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Group recorded a significant increase in net profit for the six months ended 30 June 2021 as compared with the six months ended 30 June 2020, the Directors consider that the Group has achieved a remarkable level of profitability. The Directors are pleased to declare an interim dividend of 66.0 HK cents per Share for the six months ended 30 June 2021 (2020: 17.0 HK cents) to be paid to all shareholders (the “Shareholders”) of the Company whose names are recorded on the register of members of the Company as at the close of business on Thursday, 19 August 2021. The interim dividend is payable on or before Tuesday, 7 September 2021.

The Company’s register of members will be closed from Tuesday, 17 August 2021 to Thursday, 19 August 2021 (both days inclusive), and during this period no transfer of Shares will be registered. In order to qualify for the interim dividend, all transfers of Shares accompanied by the relevant Share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, for registration by 4:30 p.m. on Monday, 16 August 2021.

PURCHASE, SALE OR REDEMPTION OF SHARES

There was no purchase, sale or redemption by the Company, or any of its subsidiaries, of any listed securities of the Company during the six-month period ended 30 June 2021.

CHANGE IN INFORMATION OF DIRECTOR

Pursuant to rule 13.51B(1) of the Listing Rules, the changes in director’s information are as follows:

Mr. TAM Wai Hung, David resigned as an independent non-executive director of Dah Sing Financial Holdings Limited (stock code: 440) with effect from 3 June 2021 and has been appointed as an independent non-executive director of Dah Sing Banking Group Limited (stock code: 2356) with effect from 3 June 2021.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied with the applicable code provisions of the Code on Corporate Governance Code as set forth in Appendix 14 to The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) during the six months ended 30 June 2021.

Corporate Governance and Other Information on the Group

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted The Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set forth in Appendix 10 to the Listing Rules as the code for securities transactions by the Directors. The Company has made specific enquiries with the Directors and all of the Directors have confirmed that they have complied with the Model Code throughout the six-month period ended 30 June 2021.

AUDIT COMMITTEE

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

REVIEW OF THE INTERIM RESULTS

The Company’s interim results for the six months ended 30 June 2021 have not been reviewed by the external auditor but have been reviewed by the Company’s audit committee, comprising the five independent non-executive Directors.

SHARE OPTION SCHEME

The Company has adopted a share option scheme on 18 January 2015 (the “**2015 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. As at the date of this report, 28,000,000 options, 28,500,000 options, 29,264,000 options, 29,600,000 options, 33,900,000 options, 32,000,000 options and 34,700,000 options were granted under the 2015 Share Option Scheme on 2 March 2015, 16 March 2016, 1 March 2017, 27 February 2018, 26 February 2019, 17 March 2020 and 2 March 2021 respectively, and 109,475,000 options were outstanding as at 30 June 2021.

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 2021:

Grant Date	Exercise price (HK\$)	Price of the Company's shares immediately before the grant date (HK\$)		Vesting period	Exercisable period	At 1 January 2021	Granted	Exercised	Expired	Lapsed	At 30 June 2021
Continuous contract employee	1/3/2017	7.28	7.04	1/3/2017-31/12/2019	1/4/2020-31/3/2021	1,960,332	—	(1,936,000) ⁽¹⁾	(12,000)	(12,332)	—
	27/2/2018	11.74	11.94	27/2/2018-31/12/2020	1/4/2021-31/3/2022	27,412,913	—	(12,529,200) ⁽²⁾	—	(1,619,913)	13,263,800
	26/2/2019	9.53	9.70	26/2/2019-31/12/2021	1/4/2022-31/3/2023	32,969,000	—	—	—	(170,670)	32,798,330
	17/3/2020	8.82	8.27	17/3/2020-31/12/2022	1/4/2023-31/3/2024	31,591,000	—	—	—	(333,001)	31,257,999
	2/3/2021	23.35	23.70	2/3/2021-31/12/2023	1/4/2024-31/3/2025	—	34,700,000	—	—	(2,545,000)	32,155,000
						93,933,245	34,700,000	(14,465,200)	(12,000)	(4,680,916)	109,475,129

Notes:

- (1) The weighted average closing price of shares immediately before the dates on which the options were exercised was HK\$23.98.
- (2) The weighted average closing price of shares immediately before the dates on which the options were exercised was HK\$27.53.

For 1H2021, 34,700,000 shares options were granted. The fair value of the equity-settled share options granted under the Share Option Scheme during 1H2021 was estimated at HK\$165,812,000. The value of the share options granted during 1H2021 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 1H2021 was 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\$23.35
Exercise price (HK\$)	HK\$23.35
Volatility (%)	36.2800%
Dividend yield (%)	3.3833%
Expected share option life (years)	3 years and 6 months
Annual risk-free interest rate (%)	0.3323%

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 2021, 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:

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

Name of Directors	Nature of interest	Number of Shares held	Percentage of the Company's issued share capital
Dr. LEE Yin Yee, B.B.S.	Interest of a controlled corporation (Note a)	725,209,552	17.89%
	Interest of a controlled corporation (Note n)	49,636,000	1.22%
	Interest of a controlled corporation (Note b)	24,402,000	0.60%
	Personal interest (Note c)	131,212,000	3.24%
Mr. TUNG Ching Bor	Interest of a controlled corporation (Note d)	266,766,456	6.58%
	Interest of a controlled corporation (Note n)	49,636,000	1.22%
	Personal interest (Note e)	42,450,000	1.05%
Tan Sri Datuk TUNG Ching Sai P.S.M, D.M.S.M, JP	Interest of a controlled corporation (Note f)	246,932,579	6.09%
	Interest of a controlled corporation (Note n)	49,636,000	1.22%
	Personal interest	2,908,000	0.07%
	Personal interest (Note g)	172,764,000	4.26%
Mr. LI Ching Wai	Interest of a controlled corporation (Note h)	116,580,868	2.88%
	Interest of a controlled corporation (Note n)	49,636,000	1.22%
	Personal interest	5,200,000	0.13%

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	Percentage of the Company's issued share capital
Mr. NG Ngan Ho	Interest of a controlled corporation (<i>Note i</i>)	79,205,912	1.95%
	Interest of a controlled corporation (<i>Note n</i>)	49,636,000	1.22%
	Personal interest	3,100,000	0.08%
Mr. SZE Nang Sze	Interest of a controlled corporation (<i>Note j</i>)	106,928,781	2.64%
	Interest of a controlled corporation (<i>Note n</i>)	49,636,000	1.22%
	Personal interest	11,490,000	0.28%
Mr. LI Ching Leung	Interest of a controlled corporation (<i>Note k</i>)	77,853,911	1.92%
	Interest of a controlled corporation (<i>Note n</i>)	49,636,000	1.22%
	Personal interest	5,494,000	0.14%
	Personal interest (<i>Note l</i>)	400,000	0.01%
Dr. TRAN Chuen Wah, John	Personal interest (<i>Note m</i>)	90,000	0.002%
	Personal interest	10,000	0.001%

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 corporations	Name of Director	Class and number of shares held in the associated corporation	Percentage of the issued share capital of the associated corporation
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 2021, 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 2021, 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 Shareholders	Capacity	Number of Shares held	Percentage of the Company's issued share capital
Realbest	Registered and beneficial owner	725,209,552	17.89%
High Park	Registered and beneficial owner	266,766,456	6.58%
Copark	Registered and beneficial owner	246,932,579	6.09%
Telerich Investment Limited (<i>Note</i>)	Registered and beneficial owner	251,595,089	6.21%

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 2021, 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

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

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

COMPANY SECRETARY

Mr. LAU Sik Yuen, FCPA, AICPA

REGISTERED OFFICE

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

PRINCIPAL BANKERS

Bank of China (Hong Kong)
Bank of East Asia
Citibank, N.A.
China Construction Bank

Corporate Information

Credit Industriel et Commercial
(Hong Kong Branch)
DBS Bank
Hang Seng Bank
HSBC
Hua Nan Commercial Bank (Macau Branch)
Huaxia Bank
Industrial Bank
Korean Development Bank Asia
Malayan Banking Berhad
Mizuho Bank
MUFG Bank
Nanyang Commercial Bank
Shinhan Bank
Standard Chartered 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
Share issued and fully paid as of the
date of this interim report:
4,054,846,847 Shares
Share price as of the date of this
interim report: HK\$29.70
Market capitalisation as of the date
of this interim report:
Approximately HK\$120.4 billion

KEY DATES

Closure of register of members:
17 August 2021 to 19 August 2021
(both days inclusive)
Proposed interim dividend payable date:
On or before 7 September 2021