



**信義玻璃控股有限公司**

**XINYI GLASS HOLDINGS LIMITED**

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 00868

**INTERIM REPORT**

**2018**



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## Financial Highlights

|  | Six months<br>ended 30 June | Year ended<br>31 December |                   |
|--|-----------------------------|---------------------------|-------------------|
| (in HK\$'000)  | 2018<br>(Unaudited)         | 2017<br>(Unaudited)       | 2017<br>(Audited) |
| Turnover   | 7,747,838                   | 6,676,799                 | 14,727,542        |
| Profit before income tax                                     | 2,332,814                   | 1,923,448                 | 4,696,432         |
| Profit attributable to Company's<br>equity holders           | 2,007,524                   | 1,635,924                 | 4,013,764         |
| Dividends  | 999,332                     | 800,787                   | 1,925,820         |
| Equity attributable to Company's<br>equity holders           | 18,509,106                  | 15,388,442                | 18,237,211        |
| (number of ordinary shares<br>("Share") in '000)             |                             |                           |                   |
| Weighted average number of<br>Shares in issue                | 4,019,079                   | 3,928,297                 | 3,968,504         |
| (in Hong Kong cents)   |                             |                           |                   |
| Earnings per Share - basic                                   | 50.0                        | 41.6                      | 101.1             |
| Earnings per Share - diluted                                 | 49.5                        | 41.5                      | 99.9              |
| Dividends per Share  | 25.0                        | 20.0                      | 48.0              |
| Equity attributable to Company's<br>equity holders per Share | 460.5                       | 391.7                     | 459.6             |

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 2018.

In comparison with the same period in 2017, turnover of the Group increased by approximately 16.0% to approximately HK\$7,747.8 million during the six months ended 30 June 2018. The net profit attributable to equity holders of the Company for the review period increased by approximately 22.7%, to approximately HK\$2,007.5 million. Basic earnings per Share were 50.0 HK cents, as compared with 41.6 HK cents for the same period in 2017.

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

I present below an overview of the business of the Group for the six months ended 30 June 2018 and key development highlights for the coming half year.

### **BUSINESS REVIEW**

#### **THE DEVELOPMENT OF THE PRC GLASS INDUSTRY IS INFLUENCED BY INDUSTRY, ENVIRONMENTAL AND MONETARY POLICIES**

The growth of the PRC economy has remained steady for the six months period ended 30 June 2018. The Group's operations in the automobile glass, architectural glass and the float glass segments faced myriad challenges and opportunities. Nonetheless, the Group managed to achieve remarkable operating results primarily attributable to its stringent control over production costs, the appreciation of Renminbi, a better product mix of float glass with new overseas contributions from the operation in Malaysia, and a more effective marketing strategy for the architectural glass and automobile glass divisions.

## Chairman's Statement

The PRC property development market has experienced moderate growth while the construction market has operated in a tough environment for the six months period ended 30 June 2018 as domestic funding liquidity had tightened. Nevertheless, within the highly competitive PRC energy-saving Low-E glass market in the construction industry, the Group's has achieved a remarkable increase in the sales volume of the architectural glass segment due to its aggressive marketing strategy.

The float glass sector has experienced a gradual slowdown in demand during the second quarter with tighter liquidity in both funding and government policy towards property in the PRC. Positive developments for the Group include the new product specifications for its double insulation float glass for better heat retention and lamination to address higher safety standards for the architectural glass industry in the PRC, the wider variety of its float and specialty glass products and colour mix and the commencement of operation of the new float glass plant in Malaysia. These developments combined with the stronger average selling price enabled by supply side reform and stricter environmental policy in the PRC have contributed to a remarkable growth in its float glass sales during the six months period under review. At the same time, the rise in the average selling price also contributed to the improvement in the gross profit margin of the sales of the Group's float glass.

In light of the prevailing favourable global market conditions, the Group has proactively implemented flexible marketing strategies for its automobile glass business, with the addition of new products for applications such as advanced driver assistance systems ("ADAS"), head up display ("HUD"), sound proofing and sun roofs which are suitable for new car models. At the same time, the Group has been approaching new overseas customers and strengthening the existing customer base to explore opportunities to increase the sales volume of its new products. Currently, the Group's automobile glass products are sold in more than 140 countries.

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

### **IMPROVED PRODUCTIVITY, TECHNOLOGY AND ECONOMIES OF SCALE TO ENHANCE PRODUCTION EFFICIENCY**

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

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

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

## Chairman's Statement

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

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

### BUSINESS OUTLOOK

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

The PRC government has continued to tighten the policy on constructing new float glass production lines and phasing out the obsolete and non-compliant float glass production lines because of higher environmental standards on emissions. As a result, the effective PRC float glass production volume dropped by 0.9% as compared to the same period in 2017 according to the PRC National Bureau of Statistics. The Group is embarking on prudent and flexible strategies in response to the current situation of the float glass market in the PRC and the global market.

The price of soda ash experienced a short term rise in May and June 2018 after a declining trend since December 2017. The soda ash price dropped again from late June 2018. The industry expects the soda ash price trend to moderate in comparison with 2017. The Group's overseas network has sourced soda ash to mitigate price fluctuation as its contingency plan against a further rise. Thus, the Group is optimistic that the float glass market as well as the average selling price will keep improving in the foreseeable future.

Elsewhere, the US trade war has placed greater pressure on the US aftermarket automobile glass customers as they mostly rely on the supply in imports.

The PRC's new proactive monetary policy will add more funding to the market. It would help to ease the tightened liquidity market in the first half of 2018 and lead more construction activities. It would be positive to the demand of float glass and architectural glass businesses.

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

After years of expanding its production facilities along the coastal areas of the PRC, the Group is ready to explore acquisitions and more expansion opportunities overseas and in the western PRC expansion opportunities which can provide an attractive and larger market environment, lower production and energy costs, and offer favourable tax treatment and other incentives.

Furthermore, the Group is planning to support the PRC government's economic development plan in western China and has been qualified under the foreign investment scheme in western China to build specialty float glass production lines in Guangxi Zhuang Autonomous Region. Thus, it also plans to construct automobile glass production lines there.

The acquisition of float glass production assets and a capacity permit in Zhangjiagang, Jiangsu province, further strengthens the Group's market coverage in the Eastern PRC.

The commencement of the operation of the Group's first float glass production line in Malaysia in May 2017 was its first overseas project, and is paving the way to boost its future growth in the region as well as facilitate specific transactions in the region while also reducing production costs.

One of the two high quality float glass production lines in its Phase Two project in Malacca, Malaysia had lighted up in late June 2018. The other new float glass production line is scheduled to light up in the fourth quarter of the year. The Group is also planning to build a Phase Three project in Malaysia. The future new production lines enable it to better serve ASEAN-based, as well as Indian, Korean and Taiwanese customers through the preferential import duty treatment and appropriate pricing strategy as well as the shorter transport distance that can also benefit customers elsewhere in Asia.



## Chairman's Statement

The Group is planning to expand our production network outside Asia. We also plan to build new high quality float glass production lines in North America in order to expand our product coverage in that region.

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

### CONCLUSION

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

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

**Mr. LEE Yin Yee, B.B.S.**

*Chairman*

Hong Kong, 31 July 2018

## FINANCIAL REVIEW

During the six months ended 30 June 2018, the revenue and the net profit of the Group were HK\$7,747.8 million and HK\$2,007.5 million, respectively, representing an increase of 16.0% and 22.7% as compared with HK\$6,676.8 million and HK\$1,635.9 million, respectively, for the six months ended 30 June 2017. The Directors were thus pleased with the growth of the business of the Group during the six-month period under review.

## REVENUE

The increase in the revenue for the six-month period under review was attributable to the growth of all three of our three business divisions, especially the float glass business. The wide range of product mix including the specialty glasses, higher average selling price, the good marketing strategy of the float glass division and appreciation of the Renminbi contributed to the revenue growth of 14.4% as compared with the same period in 2017.

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

Government policies towards the PRC property market have been gradually tightened and construction activities there remained very competitive during the six-month period under review. On the other hand, with the government policies on environmental protection and the encouragement of energy-saving buildings in the PRC, the Directors expect that the demand for the Group's low emission ("Low-E") glass will continue to increase. As a leading Low-E glass manufacturer in China, the Group enjoys economies of scale and a nationwide sales and delivery network. The remarkable sales growth was mainly attributable to the increase of average selling price, volume growth by aggressive marketing strategy and the appreciation of the Renminbi as compared with the same period in 2017.

# Management's Discussion and Analysis

## GROSS PROFIT

The Group's gross profit for the six months ended 30 June 2018 increased by 20.1% to HK\$2,917.9 million as compared with HK\$2,429.2 million for the same period in the previous year. The gross profit margin increased to 37.7% during the six-month period under review as compared with 36.4% in 2017. There was a significant improvement in the float glass gross margin as a result of the higher selling price, improved production efficiency and better product mix with more specialty glass sold. The slight decrease of gross profit margins of the automobile glass was mainly due to the appreciation of the Renminbi which has greater impact on the overseas sales. The slight improvement of gross profit margin of the architectural glass businesses were mainly due to the higher average selling price for the period.

## OTHER GAINS/(LOSS) - NET

Other gains for the six months ended 30 June 2018 were HK\$40.5 million, as compared with a loss of HK\$45.4 million for the six months ended 30 June 2017. The significant increase was mainly due to the exchange gain of HK\$42.9 million incurred in the current six months period under review as compared with the exchange loss of HK\$44.9 million incurred in the same period in 2017.

## SELLING AND MARKETING EXPENSES

Selling and marketing expenses increased by 11.1% to HK\$370.9 million for the period under review. The increase was mainly due to higher transportation costs which was in line with the increase of revenue during the six-month period under review.

## ADMINISTRATIVE EXPENSES

Administrative expenses increased by 27.2% to HK\$745.9 million for the six months ended 30 June 2018. The increase was principally attributable to higher research and development expenses and depreciation costs during the six-month period under review.

# Management's Discussion and Analysis

## FINANCE COSTS

Finance costs increased by 30.2% to HK\$95.0 million for the six months ended 30 June 2018. The increase was principally due to the higher outstanding amount of bank borrowings and the increase of the Hong Kong Interbank Offered Rate ("HIBOR") during the six-month period under review. A significant portion of the interest expenses were previously capitalised as part of the total cost in the purchase of plant and machinery and the construction of factory buildings in the Group's PRC and Malaysia production complexes, and these expenses were charged to the income statements of the Group following the commencement of commercial production at the relevant production facilities. Interest amounting to HK\$17.0 million was capitalised under construction-in-progress for the six months ended 30 June 2018.

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

EBITDA increased by 20.6% to HK\$2,887.3 million for the six months ended 30 June 2018, as compared with HK\$2,395.0 million during the same period in 2017.

## TAXATION

Tax expense amounted to HK\$320.0 million for the six months ended 30 June 2018. The effective tax rate of the Group was decreased to 13.7% compared with the same period of 2017. The decrease was mainly attributable to the tax incentive programme in the Malaysia operation. Most of the Group's PRC subsidiaries are qualified as high technology enterprises with a preferential tax rate of 15% under the applicable PRC corporate income tax laws and regulations.

## NET PROFIT

Net profit for the six months ended 30 June 2018 was HK\$2,007.5 million, representing an increase of 22.7% as compared with the same period in 2017. The net profit margin for the period under review rose to 25.9% from 24.5%, principally due to the increase in the gross profit margin and profit sharing from XYS during the period.

# Management's Discussion and Analysis

## CAPITAL EXPENDITURE

For the six months ended 30 June 2018, the Group incurred an aggregate capital expenditure amounting to HK\$1,175.4 million for the purchase of plant and machinery and the construction of factory premises at the Group's production complexes in China and Malaysia.

## NET CURRENT ASSETS

As at 30 June 2018, the Group had net current assets of HK\$2,444.1 million, representing an increase of eight times as compared with the same period in 2017. The significant improvement is attributable of stronger profitability and better cash management. The Group has adequate funds to meet the payment obligation of the current liabilities.

## FINANCIAL RESOURCES AND LIQUIDITY

During the six months ended 30 June 2018, 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 2018, the net cash inflow from operating activities amounted to approximately HK\$2,189.0 million (2017: HK\$607.0 million) and the Group had cash and cash equivalents of HK\$4,257.5 million (2017: HK\$1,442.7 million).

As at 30 June 2018, total bank borrowings were HK\$8,820.8 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 2018 declared interim dividends and 2017 proposed final dividend respectively), was at 24.6% as at 30 June 2018, as compared with 29.5% as at 31 December 2017. The decrease of net gearing ratio was principally due to lesser capital expenditures incurred during the period.

### 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 2018, the Group's bank borrowings were denominated in Hong Kong dollars bearing effective interest rates at 2.24% per annum. Hence, the Group's exposure to foreign exchange fluctuations was limited. The Group has not experienced any material difficulty and liquidity problems resulting from foreign exchange fluctuations. The Group may use financial instruments for hedging purposes as and when required. During the six months ended 30 June 2018, the Group did not use any financial instrument for hedging purposes.

### EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2018, the Group had 11,804 full-time employees of whom 11,176 were based in China and 628 in Hong Kong and other countries and territories. 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 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 China, the Group has arranged for participation of its employees in relevant required retirement contribution schemes administered by the Chinese government. As for the Group's employees in Hong Kong, all the arrangements pursuant to the mandatory provident fund requirements set forth under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) have been duly implemented.

## Management's Discussion and Analysis

The Company has adopted a share option scheme on 18 January 2015 for the purpose of providing incentives and rewards to eligible participants who have contributed to the success of the Group's operations. The Directors may, at their discretion, invite any employees and other selected participants to accept options to be granted by the Group for subscription for the Shares. As at the date of this announcement, 28,000,000 options, 28,500,000 options, 29,264,000 options and 29,600,000 options were granted under the share option scheme on 2 March 2015, 16 March 2016, 1 March 2017 and 27 February 2018 respectively, and 93,510,000 options were outstanding as at 30 June 2018.

## Condensed Consolidated Balance Sheet

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

|   | Note | As at                          |                                  |
|---|------|--------------------------------|----------------------------------|
|   |      | 30 June<br>2018<br>(Unaudited) | 31 December<br>2017<br>(Audited) |
| <b>ASSETS</b>   |      |                                |                                  |
| <b>Non-current assets</b>   |      |                                |                                  |
| Leasehold land and land use rights                                | 5    | 3,346,157                      | 3,426,887                        |
| Property, plant and equipment                                     | 6    | 13,051,543                     | 12,929,470                       |
| Investment properties   | 7    | 1,223,813                      | 1,204,983                        |
| Prepayments for property, plant and equipment and land use rights |      | 645,967                        | 299,803                          |
| Intangible assets   |      | 68,609                         | 69,721                           |
| Investments in associates   | 8    | 4,557,753                      | 4,415,663                        |
| Loan to associates  |      | 26,618                         | 26,920                           |
|   |      | <u>22,920,460</u>              | <u>22,373,447</u>                |
| <b>Current assets</b>   |      |                                |                                  |
| Inventories   |      | 1,974,055                      | 1,697,566                        |
| Loans to associates   |      | 35,499                         | 52,421                           |
| Trade and other receivables                                       | 9    | 2,878,069                      | 3,072,045                        |
| Available-for-sale financial assets                               |      | 44,578                         | 52,409                           |
| Pledged bank deposits   | 10   | 2,526                          | 2,526                            |
| Fixed deposits  |      | —                              | 5,982                            |
| Cash and bank balances  | 10   | 4,254,998                      | 3,048,604                        |
|   |      | <u>9,189,725</u>               | <u>7,931,553</u>                 |
| <b>Total assets</b>   |      | <u>32,110,185</u>              | <u>30,305,000</u>                |



## Condensed Consolidated Balance Sheet

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

|   | Note | As at                          |                                  |
|---|------|--------------------------------|----------------------------------|
|   |      | 30 June<br>2018<br>(Unaudited) | 31 December<br>2017<br>(Audited) |
| <b>EQUITY</b>   |      |                                |                                  |
| <b>Capital and reserves attributable to equity holders of the Company</b> |      |                                |                                  |
| Share capital   | 11   | 399,733                        | 401,766                          |
| Share premium   | 11   | 288,148                        | 534,201                          |
| Other reserves  | 12   | 1,740,150                      | 2,102,235                        |
| Retained earnings   |      | <u>16,081,075</u>              | <u>15,199,009</u>                |
|   |      | <u>18,509,106</u>              | <u>18,237,211</u>                |
| <b>Non-controlling interests</b>  |      | <u>72,635</u>                  | <u>68,981</u>                    |
| <b>Total equity</b>   |      | <u>18,581,741</u>              | <u>18,306,192</u>                |
| <b>LIABILITIES</b>  |      |                                |                                  |
| <b>Non-current liabilities</b>  |      |                                |                                  |
| Bank and other borrowings   | 14   | 6,392,777                      | 6,398,683                        |
| Deferred income tax liabilities   |      | 333,106                        | 335,096                          |
| Other payables  |      | <u>56,962</u>                  | <u>108,198</u>                   |
|   |      | <u>6,782,845</u>               | <u>6,841,977</u>                 |

## Condensed Consolidated Balance Sheet

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

|  |    | As at                          |                                  |
|--|----|--------------------------------|----------------------------------|
|  |    | 30 June<br>2018<br>(Unaudited) | 31 December<br>2017<br>(Audited) |
| <b>Current liabilities</b>                   |    |                                |                                  |
| Trade and other payables                     | 13 | 3,797,885                      | 2,554,181                        |
| Current income tax liabilities               |    | 519,726                        | 534,948                          |
| Bank and other borrowings                    | 14 | <u>2,427,988</u>               | <u>2,067,702</u>                 |
|  |    | <u>6,745,599</u>               | <u>5,156,831</u>                 |
| <b>Total liabilities</b>                     |    | <u>13,528,444</u>              | <u>11,998,808</u>                |
| <b>Total equity and liabilities</b>          |    | <u>32,110,185</u>              | <u>30,305,000</u>                |
| <b>Total assets less current liabilities</b> |    | <u>25,364,586</u>              | <u>25,148,169</u>                |

## Condensed Consolidated Income Statement

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

|   |      | Unaudited<br>Six months ended 30 June |                  |
|---|------|---------------------------------------|------------------|
|   | Note | 2018                                  | 2017             |
| Revenue   | 4    | 7,747,838                             | 6,676,799        |
| Cost of sales   | 15   | (4,829,949)                           | (4,247,567)      |
| <b>Gross profit</b>   |      | <b>2,917,889</b>                      | <b>2,429,232</b> |
| Other income  | 4    | 189,591                               | 141,414          |
| Other gains/(losses) - net  | 16   | 40,451                                | (45,443)         |
| Selling and marketing costs   | 15   | (370,908)                             | (333,806)        |
| Administrative expenses   | 15   | (745,875)                             | (586,355)        |
| <b>Operating profit</b>   |      | <b>2,031,148</b>                      | <b>1,605,042</b> |
| Finance income  | 17   | 33,044                                | 23,444           |
| Finance costs   | 17   | (95,046)                              | (73,005)         |
| Share of profits of associates  | 8    | 363,668                               | 367,967          |
| <b>Profit before income tax</b>   |      | <b>2,332,814</b>                      | <b>1,923,448</b> |
| Income tax expense  | 18   | (319,961)                             | (285,371)        |
| <b>Profit for the period</b>  |      | <b>2,012,853</b>                      | <b>1,638,077</b> |
| Profit attributable to:   |      |                                       |                  |
| – Equity holders of the Company   |      | 2,007,524                             | 1,635,924        |
| – Non-controlling interest  |      | 5,329                                 | 2,153            |
| <b>Profit for the period</b>  |      | <b>2,012,853</b>                      | <b>1,638,077</b> |
| <b>Earnings per Share for profit attributable to the equity holders of the Company during the period (expressed in Hong Kong cents per Share)</b> |      |                                       |                  |
| – Basic   | 20   | 50.0                                  | 41.6             |
| – Diluted   | 20   | 49.5                                  | 41.5             |

## Condensed Consolidated Statement of Comprehensive Income

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

|  | Unaudited                |                  |
|--|--------------------------|------------------|
|  | Six months ended 30 June |                  |
|  | 2018                     | 2017             |
| <b>Profit for the period</b>   | <u>2,012,853</u>         | <u>1,638,077</u> |
| <b>Other comprehensive income</b>  |                          |                  |
| Items that may be reclassified to profit or loss:  |                          |                  |
| Change in value of available-for-sale financial assets                                   | (7,831)                  | 603              |
| Currency translation differences   | (290,984)                | 628,645          |
| Share of other comprehensive income of investments accounted for using the equity method | <u>(65,930)</u>          | <u>127,668</u>   |
| <b>Total comprehensive income for the period</b>   | <u>1,648,108</u>         | <u>2,394,993</u> |
| Total comprehensive income for the period attributable to:                               |                          |                  |
| – Equity holders of the Company  | 1,642,900                | 2,392,676        |
| – Non-controlling interests  | <u>5,208</u>             | <u>2,317</u>     |
|  | <u>1,648,108</u>         | <u>2,394,993</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 2017 and 1 January 2018                                       | 401,766                                       | 534,201        | 2,102,235        | 15,199,009        | 18,237,211         | 68,981                    | 18,306,192       |                    |
| <b>Comprehensive income</b>  |   |                |                  |                   |                    |                           |                  |                    |
| Profit for the period  | —   | —              | —                | 2,007,524         | 2,007,524          | 5,329                     | 2,012,853        |                    |
| <b>Other comprehensive income</b>  |   |                |                  |                   |                    |                           |                  |                    |
| Changes in value of available-for-sale financial assets                              | —   | —              | (7,831)          | —                 | (7,831)            | —                         | (7,831)          |                    |
| Share of other comprehensive income of investments accounted for using equity method | —   | —              | (65,930)         | —                 | (65,930)           | —                         | (65,930)         |                    |
| Currency translation differences   | —   | —              | (290,863)        | —                 | (290,863)          | (121)                     | (290,984)        |                    |
| <b>Total comprehensive income</b>  | <b>—</b>                                      | <b>—</b>       | <b>(364,624)</b> | <b>2,007,524</b>  | <b>1,642,900</b>   | <b>5,208</b>              | <b>1,648,108</b> |                    |
| <b>Transactions with owners</b>  |   |                |                  |                   |                    |                           |                  |                    |
| Employees share option scheme:   |   |                |                  |                   |                    |                           |                  |                    |
| — Proceeds from shares issued  | 11(a)   | 1,209          | 72,085           | (15,454)          | —                  | 57,840                    | —                | 57,840             |
| — Value of employee services   |   | —              | —                | 16,622            | —                  | 16,622                    | —                | 16,622             |
| — Release on forfeiture of share options   |   | —              | —                | (38)              | 38                 | —                         | —                | —                  |
| Repurchase and cancellation of shares  | 11(b)   | (1,409)        | (153,382)        | 1,409             | (1,409)            | (154,791)                 | —                | (154,791)          |
| Repurchase of shares but not yet cancelled   | 11(b)   | (1,833)        | (164,756)        | —                 | —                  | (166,589)                 | —                | (166,589)          |
| Dividend paid to non-controlling interest  |   | —              | —                | —                 | —                  | —                         | (1,554)          | (1,554)            |
| Dividends relating to 2017   | 19  | —              | —                | —                 | (1,124,087)        | (1,124,087)               | —                | (1,124,087)        |
| <b>Total transactions with owners</b>  |   | <b>(2,033)</b> | <b>(246,053)</b> | <b>2,539</b>      | <b>(1,125,458)</b> | <b>(1,371,005)</b>        | <b>(1,554)</b>   | <b>(1,372,559)</b> |
| Balance at 30 June 2018  |   | <u>399,733</u> | <u>288,148</u>   | <u>1,740,150</u>  | <u>16,081,075</u>  | <u>18,509,106</u>         | <u>72,635</u>    | <u>18,581,741</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      |            |                           |              |
| <b>Balance at 31 December 2016 and 1 January 2017</b>                                | 389,177                                       | 1,360,624     | (30,973)       | 11,462,103        | 13,180,931 | 65,959     | 13,246,890                |              |
| <b>Comprehensive income</b>  |   |               |                |                   |            |            |                           |              |
| Profit for the period  | —   | —             | —              | 1,635,924         | 1,635,924  | 2,153      | 1,638,077                 |              |
| <b>Other comprehensive income</b>  |   |               |                |                   |            |            |                           |              |
| Changes in value of available-for-sale financial assets                              | —   | —             | 603            | —                 | 603        | —          | 603                       |              |
| Share of other comprehensive income of investments accounted for using equity method | —   | —             | 127,668        | —                 | 127,668    | —          | 127,668                   |              |
| Currency translation differences   | —   | —             | 628,481        | —                 | 628,481    | 164        | 628,645                   |              |
| <b>Total comprehensive income</b>  | —   | —             | 756,752        | 1,635,924         | 2,392,676  | 2,317      | 2,394,993                 |              |
| <b>Transactions with owners</b>  |   |               |                |                   |            |            |                           |              |
| Employees share option scheme:   |   |               |                |                   |            |            |                           |              |
| — Proceeds from shares issued  | 11(a)   | 1,048         | 73,730         | (15,008)          | —          | 59,770     | 59,770                    |              |
| — Value of employee services   |   | —             | —              | 12,840            | —          | 12,840     | 12,840                    |              |
| — Release on forfeiture of share options   |   | —             | —              | (24)              | 24         | —          | —                         |              |
| Sales of interest in a subsidiary  |   | —             | —              | —                 | —          | 2,411      | 2,411                     |              |
| Disposal of a subsidiary   |   | —             | —              | 32                | —          | 32         | 32                        |              |
| Dividend paid to non-controlling interest  |   | —             | —              | —                 | —          | (269)      | (269)                     |              |
| Issue of ordinary shares related to conversion of the convertible bonds              |   | 9,715         | 663,804        | (11,481)          | —          | 662,038    | 662,038                   |              |
| Redemption of convertible bonds  |   | —             | 1,860          | (1,860)           | —          | —          | —                         |              |
| Dividends relating to 2016   | 19  | —             | (919,845)      | —                 | (919,845)  | —          | (919,845)                 |              |
| Transfers to reserves  |   | —             | —              | 908               | (908)      | —          | —                         |              |
| <b>Total transactions with owners</b>  |   | 10,763        | (180,451)      | (14,593)          | (884)      | 2,142      | (183,023)                 |              |
| <b>Balance at 30 June 2017</b>   |   | 399,940       | 1,180,173      | 711,186           | 13,097,143 | 15,388,442 | 70,418                    |              |

## Condensed Consolidated Cash Flow Statement

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

|   | Unaudited<br>Six months ended<br>30 June |                    |
|---|--|--------------------|
|   | 2018                                     | 2017               |
| <b>Cash flows from operating activities</b>                       |  |                    |
| Cash generated from operations                                    | 2,636,180                                | 1,056,454          |
| Interest paid   | (112,042)                                | (80,051)           |
| Income tax paid   | (335,183)                                | (369,388)          |
| <b>Cash flows from operating activities - net</b>                 | <b>2,188,955</b>                         | <b>607,015</b>     |
| <b>Cash flows from investing activities</b>                       |  |                    |
| Purchase of land use rights                                       | (229,362)                                | (1,881,874)        |
| Net proceeds from disposal of a subsidiary                        | —  | 784                |
| Net proceeds from sales of interest in a subsidiary               | —  | 2,478              |
| Purchase of property, plant and equipment                         | (835,797)                                | (583,627)          |
| Addition to investment in an associate                            | —  | (446,375)          |
| Loan repayment from an associate                                  | 16,333                                   | 9,194              |
| Interests received  | 33,044                                   | 23,444             |
| Other investing activities  | (23,747)                                 | (29,625)           |
| <b>Cash flows used in investing activities - net</b>              | <b>(1,039,529)</b>                       | <b>(2,905,601)</b> |
| <b>Cash flows from financing activities</b>                       |  |                    |
| Proceeds from bank borrowings                                     | 1,891,037                                | 3,139,926          |
| Repayment of banks borrowings                                     | (1,536,657)                              | (2,203,851)        |
| Redemption of convertible bonds                                   | —  | (91,435)           |
| Dividends paid to non-controlling interests                       | (1,554)                                  | (269)              |
| Share repurchased and cancelled                                   | (166,589)                                | —                  |
| Share repurchased but not yet cancelled                           | (154,791)                                | —                  |
| Net proceeds from issuance of ordinary shares<br>by share options | 57,840                                   | 59,770             |
| <b>Cash flows from financing activities - net</b>                 | <b>89,286</b>                            | <b>904,141</b>     |

## Condensed Consolidated Cash Flow Statement

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

|   | Unaudited<br>Six months ended<br>30 June |                  |
|---|--|------------------|
|   | 2018                                     | 2017             |
| Net increase/(decrease) in cash<br>and cash equivalents | 1,238,712                                | (1,394,445)      |
| Cash and cash equivalents at beginning of the period    | 3,048,604                                | 2,763,072        |
| Effect of foreign exchange rate changes                 | <u>(32,318)</u>                          | <u>71,505</u>    |
| Cash and cash equivalents at end of the period          | <u>4,254,998</u>                         | <u>1,440,132</u> |



# Notes to the Condensed Consolidated Financial Information

## 1 GENERAL INFORMATION

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

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

This unaudited condensed consolidated interim financial information is presented in thousands of Hong Kong dollars (HK\$’000), unless otherwise stated. This unaudited condensed consolidated interim financial information has been approved for issue by the Directors on 31 July 2018.

## 2 BASIS OF PREPARATION

This unaudited condensed consolidated interim financial information for the six months ended 30 June 2018 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 2017, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

# 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 2017, as described in 2017 annual financial statements.

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

### NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

The following new amendments to standards and interpretations are mandatory for accounting periods beginning on or after 1 January 2018. The adoption of these amendments to standards does not have any significant impact to the results and financial position of the Group.

|                                     |  | Effective for<br>accounting periods<br>beginning on or after |
|-------------------------------------|--|--|
| HKFRSs (Amendment)                  | Annual Improvements 2014-2016 Cycle  | 1 January 2018   |
| HKFRSs (Amendment)                  | Annual Improvements 2015-2017 Cycle  | 1 January 2019   |
| HKAS 19 (Amendment)                 | Employee Benefits  | 1 January 2019   |
| HKAS 28 (Amendment)                 | Investment in Associates and Joint Ventures  | 1 January 2018   |
| HKAS 40 (Amendment)                 | Investment Property  | 1 January 2018   |
| HKFRS 1 (Amendment)                 | First time adoption of HKFRS   | 1 January 2018   |
| HKFRS 2 (Amendment)                 | Classification and Measurement of Share-based<br>Payment Transactions                    | 1 January 2018   |
| HKFRS 4 (Amendment)                 | Insurance Contracts  | 1 January 2018   |
| HKFRS 9                             | Financial Instruments  | 1 January 2018   |
| HKFRS 9 (Amendment)                 | Financial Instruments  | 1 January 2019   |
| HKFRS 10 and HKAS 28<br>(Amendment) | Sale or Contribution of Assets Between an<br>Investor and Its Associate or Joint Venture | To be determined   |
| HKFRS 15                            | Revenue from Contracts with Customers  | 1 January 2018   |
| HKFRS 16                            | Leases   | 1 January 2019   |
| HKFRS 17                            | Insurance contract   | 1 January 2021   |
| HK (IFRIC) 22                       | Foreign Currency Transactions and Advance<br>Consideration                               | 1 January 2018   |

# Notes to the Condensed Consolidated Financial Information

## 3 ACCOUNTING POLICIES (Continued)

### NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

(Continued)

|               |  | Effective for<br>accounting periods<br>beginning on or after |
|---------------|--|--|
| HK (IFRIC) 23 | Uncertainty over Income Tax Treatments | 1 January 2019   |

Note:

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

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

## 4 SEGMENT INFORMATION

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

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

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

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

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

## Notes to the Condensed Consolidated Financial Information

### 4 SEGMENT INFORMATION (Continued)

The unaudited segment information for the period ended 30 June 2018:

|   | Float glass | Automobile glass | Architectural glass | Unallocated | Total       |
|---|-------------|------------------|---------------------|-------------|-------------|
| Segment revenue   | 5,055,007   | 2,116,178        | 1,493,028           | —           | 8,664,213   |
| Inter-segment revenue   | (916,375)   | —                | —                   | —           | (916,375)   |
| Revenue from external customers   | 4,138,632   | 2,116,178        | 1,493,028           | —           | 7,747,838   |
| Cost of sales   | (2,753,429) | (1,165,427)      | (911,093)           | —           | (4,829,949) |
| Gross profit  | 1,385,203   | 950,751          | 581,935             | —           | 2,917,889   |
| Depreciation of property, plant and equipment (Note 15)   | 339,276     | 60,592           | 44,886              | 2,544       | 447,298     |
| Amortisation  |             |                  |                     |             |             |
| – leasehold land and land use rights (Note 15)  | 10,865      | 2,327            | 1,227               | 29,553      | 43,972      |
| – intangible assets (Note 15)   | —           | 1,200            | —                   | —           | 1,200       |
| Provision for impairment of trade and other receivables, net (Note 15)  | —           | 26               | 555                 | —           | 581         |
| Total assets  | 13,680,919  | 3,584,597        | 4,013,471           | 10,831,198  | 32,110,185  |
| Total assets included:  |             |                  |                     |             |             |
| Investments in associates (Note 8)  | —           | —                | —                   | 4,557,753   | 4,557,753   |
| Loans to associates   | —           | —                | —                   | 62,117      | 62,117      |
| Additions to non-current assets (other than available-for-sale financial assets and deferred income tax assets) | 702,337     | 136,475          | 26,098              | 310,498     | 1,175,408   |
| Total liabilities   | 1,475,503   | 728,318          | 437,328             | 10,887,295  | 13,528,444  |

## Notes to the Condensed Consolidated Financial Information

### 4 SEGMENT INFORMATION (Continued)

The unaudited segment revenue for the period ended 30 June 2017 and the audited segment assets and liabilities as at 31 December 2017:

|  | Float glass | Automobile<br>glass | Architectural<br>glass | Unallocated | Total       |
|--|-------------|---------------------|------------------------|-------------|-------------|
| Segment revenue  | 4,424,701   | 1,871,302           | 1,186,461              | —           | 7,482,464   |
| Inter-segment revenue  | (805,665)   | —                   | —                      | —           | (805,665)   |
| Revenue from external<br>customers   | 3,619,036   | 1,871,302           | 1,186,461              | —           | 6,676,799   |
| Cost of sales  | (2,529,053) | (976,874)           | (741,640)              | —           | (4,247,567) |
| Gross profit   | 1,089,983   | 894,428             | 444,821                | —           | 2,429,232   |
| Depreciation of property, plant<br>and equipment (Note 15)   | 286,196     | 48,763              | 56,791                 | 2,870       | 394,620     |
| Amortisation   |             |                     |                        |             |             |
| – leasehold land and land use<br>rights (Note 15)  | 23,052      | 2,037               | 1,252                  | —           | 26,341      |
| – intangible assets (Note 15)  | —           | 1,071               | —                      | —           | 1,071       |
| Provision for/(reversal of<br>provision for) impairment of<br>trade and other receivables,<br>net (Note 15)              | 142         | (609)               | (1,578)                | —           | (2,045)     |
| Total assets   | 11,734,734  | 5,478,944           | 2,818,690              | 10,272,632  | 30,305,000  |
| Total assets included:   |             |                     |                        |             |             |
| Investments in associates<br>(Note 8)  | —           | —                   | —                      | 4,415,663   | 4,415,663   |
| Loans to associates  | —           | —                   | —                      | 79,341      | 79,341      |
| Investment properties  | 25,045      | 55,471              | —                      | 1,124,467   | 1,204,983   |
| Additions to non-current assets<br>(other than available-for-sale<br>financial assets and deferred<br>income tax assets) | 853,816     | 204,994             | 55,976                 | 2,695,932   | 3,810,718   |
| Total liabilities  | 2,142,120   | 722,567             | 318,212                | 8,815,909   | 11,998,808  |

# 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<br>For the six months ended<br>30 June |                  |
|--------------------------------|--|------------------|
|                                | 2018   | 2017             |
| Segment gross profit           | 2,917,889  | 2,429,232        |
| Unallocated:                   |  |                  |
| Other income                   | 189,591  | 141,414          |
| Other gains/(losses), net      | 40,451   | (45,443)         |
| Selling and marketing costs    | (370,908)  | (333,806)        |
| Administrative expenses        | (745,875)  | (586,355)        |
| Finance income                 | 33,044   | 23,444           |
| Finance costs                  | (95,046)   | (73,005)         |
| Share of profits of associates | 363,668  | 367,967          |
| Profit before income tax       | <u>2,332,814</u>                                 | <u>1,923,448</u> |

## Notes to the Condensed Consolidated Financial Information

### 4 SEGMENT INFORMATION (Continued)

Reportable segments assets/(liabilities) for the period ended 30 June 2018 and the year ended 31 December 2017 are reconciled to total assets/(liabilities) as follows:

|  | Assets              |                   | Liabilities         |                     |
|--|---------------------|-------------------|---------------------|---------------------|
|  | 2018<br>(Unaudited) | 2017<br>(Audited) | 2018<br>(Unaudited) | 2017<br>(Audited)   |
| Segment assets/(liabilities)   | 21,278,987          | 20,032,368        | (2,641,149)         | (3,182,899)         |
| Unallocated:   |                     |                   |                     |                     |
| Leasehold land and land<br>use rights                                      | 2,334,626           | 2,391,488         | —                   | —                   |
| Property, plant and<br>equipment   | 1,534,166           | 1,548,274         | —                   | —                   |
| Investment properties  | 1,144,201           | 1,124,466         | —                   | —                   |
| Prepayments for<br>property, plant and<br>equipment and<br>land use rights | 231,138             | 6,366             | —                   | —                   |
| Investments in associates  | 4,557,753           | 4,415,663         | —                   | —                   |
| Balances with associates   | 62,117              | 79,341            | —                   | —                   |
| Available-for-sale<br>financial assets                                     | 44,578              | 52,409            | —                   | —                   |
| Prepayments, deposits<br>and other receivables                             | 497,807             | 346,271           | —                   | —                   |
| Cash and bank balances   | 424,812             | 308,354           | —                   | —                   |
| Other payables   | —                   | —                 | (526,205)           | (538,595)           |
| Dividend payables  | —                   | —                 | (1,124,087)         | —                   |
| Current income tax<br>liabilities  | —                   | —                 | (89,916)            | (95,296)            |
| Deferred income<br>tax liabilities   | —                   | —                 | (326,322)           | (328,224)           |
| Bank and other<br>borrowings   | —                   | —                 | (8,820,765)         | (7,853,794)         |
| Total assets/(liabilities)   | <u>32,110,185</u>   | <u>30,305,000</u> | <u>(13,528,444)</u> | <u>(11,998,808)</u> |

# Notes to the Condensed Consolidated Financial Information

## 4 SEGMENT INFORMATION (Continued)

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

|                              | Unaudited<br>For the six months ended<br>30 June |                  |
|------------------------------|--|------------------|
|                              | 2018   | 2017             |
| Sales of float glass         | 4,138,632  | 3,619,036        |
| Sales of automobile glass    | 2,116,178  | 1,871,302        |
| Sales of architectural glass | 1,493,028  | 1,186,461        |
| Total                        | <u>7,747,838</u>                                 | <u>6,676,799</u> |

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

|                 | Unaudited<br>For the six months ended<br>30 June |                  |
|-----------------|--|------------------|
|                 | 2018   | 2017             |
| Greater China   | 5,569,325  | 4,797,176        |
| North America   | 813,314  | 756,220          |
| Europe          | 255,788  | 206,454          |
| Other countries | 1,109,411  | 916,949          |
|                 | <u>7,747,838</u>                                 | <u>6,676,799</u> |



## Notes to the Condensed Consolidated Financial Information

### 4 SEGMENT INFORMATION (Continued)

An analysis of the Group's non-current assets other than available-for-sale financial assets (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<br>2018<br>(Unaudited) | 31 December<br>2017<br>(Audited) |
| Greater China   | 21,125,074                     | 21,127,344                       |
| North America   | 24,640                         | 8,802                            |
| Malaysia        | 1,770,711                      | 1,235,211                        |
| Other countries | 35                             | 2,090                            |
|                 | <u>22,920,460</u>              | <u>22,373,447</u>                |

### 5 LEASEHOLD LAND AND LAND USE RIGHTS

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

|  | As at                          |                                  |
|--|--------------------------------|----------------------------------|
|  | 30 June<br>2018<br>(Unaudited) | 31 December<br>2017<br>(Audited) |
| As at 1 January                                  | 3,426,887                      | 1,121,020                        |
| Currency translation differences                 | (36,758)                       | 81,296                           |
| Additions  | —                              | 2,299,569                        |
| Amortisation of prepaid operating lease payments | (43,972)                       | (72,779)                         |
| Transfer to investment properties                | —                              | (2,219)                          |
|  | <u>3,346,157</u>               | <u>3,426,887</u>                 |
| As at 30 June/31 December                        |                                |                                  |

## Notes to the Condensed Consolidated Financial Information

### 6 PROPERTY, PLANT AND EQUIPMENT

|   | Construction<br>in progress | Freehold<br>land | Buildings        | Plant and<br>machinery | Office<br>equipment | Total             |
|---|-----------------------------|------------------|------------------|------------------------|---------------------|-------------------|
| Opening net book amount<br>as at 1 January 2018 | 470,918                     | 76,716           | 3,125,962        | 9,238,701              | 17,173              | 12,929,470        |
| Currency translation<br>differences             | 260                         | 759              | (33,904)         | (87,681)               | (1,080)             | (121,646)         |
| Additions                                       | 710,124                     | —                | 900              | 37,949                 | 6,984               | 755,957           |
| Transfers                                       | (217,305)                   | —                | 350,473          | (133,168)              | —                   | —                 |
| Disposals                                       | —                           | —                | (2,054)          | (13,099)               | (73)                | (15,226)          |
| Depreciation charge                             | —                           | —                | (76,429)         | (412,769)              | (7,814)             | (497,012)         |
| Closing net book amount<br>as at 30 June 2018   | <u>963,997</u>              | <u>77,475</u>    | <u>3,364,948</u> | <u>8,629,933</u>       | <u>15,190</u>       | <u>13,051,543</u> |

### 7 INVESTMENT PROPERTIES

|   | As at                          |                                  |
|---|--------------------------------|----------------------------------|
|   | 30 June<br>2018<br>(Unaudited) | 31 December<br>2017<br>(Audited) |
| As at 1 January   | 1,204,983                      | 546,709                          |
| Currency translation differences                        | (12,802)                       | 42,132                           |
| Additions   | 31,632                         | 146,285                          |
| Fair value gains  | —                              | 450,710                          |
| Transferred from property, plant and equipment          | —                              | 16,928                           |
| Transferred from leasehold lands and<br>land use rights | —                              | 2,219                            |
| As at 30 June/31 December                               | <u>1,223,813</u>               | <u>1,204,983</u>                 |

# Notes to the Condensed Consolidated Financial Information

## 7 INVESTMENT PROPERTIES (Continued)

As at 30 June 2018, 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 2017 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.

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

|   | As at<br>30 June<br>2018<br>Level 3 | As at<br>31 December<br>2017<br>Level 3 |
|---|-------------------------------------|---|
| <b>Fair value hierarchy:</b>                                  |                                     |   |
| – Commercial building under Construction –<br>Xiamen, the PRC | 1,078,361                           | 1,058,627                               |
| – Commercial building – Shenzhen, the PRC                     | 51,816                              | 52,405                                  |
| – Office unit – Wuhu, the PRC                                 | 24,764                              | 25,045                                  |
| – Office unit – Hong Kong                                     | 65,840                              | 65,840                                  |
|   | <u>1,220,781</u>                    | <u>1,201,917</u>                        |
| <b>At cost</b>  |                                     |   |
| – Commercial properties – Shenzhen, the PRC                   | 3,032                               | 3,066                                   |
|   | <u>1,223,813</u>                    | <u>1,204,983</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<br>2018<br>(Unaudited) | 31 December<br>2017<br>(Audited) |
| At 1 January                           | 4,415,663                      | 3,257,782                        |
| Currency translation differences       | (303)                          | 1,086                            |
| Addition to investment in an associate | —                              | 446,375                          |
| Share of profits of associates         | 363,668                        | 699,662                          |
| Dividend receivable/received           | (155,345)                      | (314,631)                        |
| Share of other comprehensive income    | (65,930)                       | 325,389                          |
| At 30 June/31 December                 | <u>4,557,753</u>               | <u>4,415,663</u>                 |

## Notes to the Condensed Consolidated Financial Information

### 9 TRADE AND OTHER RECEIVABLES

|   | As at                          |                                  |
|---|--------------------------------|----------------------------------|
|   | 30 June<br>2018<br>(Unaudited) | 31 December<br>2017<br>(Audited) |
| Trade receivables (note (a))                                      | 1,489,261                      | 1,281,277                        |
| Less: provision for impairment of trade receivables               | <u>(37,900)</u>                | <u>(38,507)</u>                  |
|   | 1,451,361                      | 1,242,770                        |
| Bills receivables (note (b))                                      | <u>459,470</u>                 | <u>980,558</u>                   |
| Trade and bills receivables – net                                 | 1,910,831                      | 2,223,328                        |
| Prepayments, deposits and other receivables                       | <u>1,613,205</u>               | <u>1,148,520</u>                 |
|   | <u>3,524,036</u>               | <u>3,371,848</u>                 |
| Less non-current portion  |                                |                                  |
| Prepayments for property, plant, equipment and<br>land use rights | <u>(645,967)</u>               | <u>(299,803)</u>                 |
|   | <u>2,878,069</u>               | <u>3,072,045</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 2018 and 31 December 2017 the ageing analysis of the Group's trade receivables was as follows:

|              | As at                          |                                  |
|--------------|--------------------------------|----------------------------------|
|              | 30 June<br>2018<br>(Unaudited) | 31 December<br>2017<br>(Audited) |
| 0-90 days    | 1,163,227                      | 982,889                          |
| 91-180 days  | 188,038                        | 185,597                          |
| 181-365 days | 81,549                         | 65,889                           |
| 1-2 years    | 37,040                         | 13,550                           |
| Over 2 years | 19,407                         | 33,352                           |
|              | <u>1,489,261</u>               | <u>1,218,277</u>                 |

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

## 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<br>2018<br>(Unaudited) | 31 December<br>2017<br>(Audited) |
| Cash and bank balances and pledged bank deposits | 4,257,524                      | 3,057,112                        |
| Less:  |                                |                                  |
| – Pledged bank deposits (note)                   | (2,526)                        | (2,526)                          |
| – Fixed deposits                                 | —                              | (5,982)                          |
| Cash and bank balances                           | <u>4,254,998</u>               | <u>3,048,604</u>                 |

Note: The pledged bank deposits represents deposits pledged as collateral principally as security for import duties payable to the US Customs.

# 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<br>of Shares | Ordinary<br>shares of<br>HK\$0.1 each | Share<br>Premium | Total     |
|--|------|---------------------|---------------------------------------|------------------|-----------|
| <b>Authorised:</b>   |      |                     |                                       |                  |           |
| As at 31 December 2017   |      |                     |                                       |                  |           |
| and 30 June 2018   |      | 20,000,000,000      | 2,000,000                             | —                | 2,000,000 |
| <b>Issued and fully paid:</b>                                  |      |                     |                                       |                  |           |
| As at 1 January 2018   |      | 4,017,660,647       | 401,766                               | 534,201          | 935,967   |
| Issues of Shares under<br>an employees’ share<br>option scheme | (a)  | 12,085,000          | 1,209                                 | 72,085           | 73,294    |
| Repurchase of Shares but<br>not yet cancelled                  |      | (18,328,000)        | (1,833)                               | (164,756)        | (166,589) |
| Repurchase and cancellation<br>of shares                       |      | (14,090,000)        | (1,409)                               | (153,382)        | (154,791) |
| As at 30 June 2018   |      | 3,997,327,647       | 399,733                               | 288,148          | 687,881   |

# 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              |                     |   |                     |
|--------------|---|---------------------|---|---------------------|
|              | 2018  |                     | 2017  |                     |
|              | Average exercise price in HK dollar per Share | Options (thousands) | Average exercise price in HK dollar per Share | Options (thousands) |
| At 1 January | 5.64  | 79,214              | 5.35  | 85,189              |
| Granted      | 11.74   | 29,600              | 7.28  | 29,264              |
| Exercised    | 4.79  | (12,085)            | 5.70  | (10,483)            |
| Lapsed       | 5.51  | (3,193)             | 5.75  | (3,402)             |
| Expired      | 5.70  | (26)                | 5.55  | (17)                |
| At 30 June   | <u>7.69</u>                                   | <u>93,510</u>       | <u>5.86</u>                                   | <u>100,551</u>      |

Out of the 93,510,000 outstanding options, 10,982,000 options were exercisable as at 30 June 2018. Options exercised in 2018 resulted in 12,085,000 Shares being issued at a weighted average price at the time of exercise of HK\$4.79 each.

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

| Expiry date   | Exercise price in HK dollar per Share | Options (thousands) |
|---------------|---------------------------------------|---------------------|
| 31 March 2019 | 4.55                                  | 10,982              |
| 31 March 2020 | 4.81                                  | 25,689              |
| 31 March 2021 | 7.28                                  | 27,317              |
| 31 March 2022 | 11.74                                 | 29,522              |
|               |                                       | <u>93,510</u>       |



# Notes to the Condensed Consolidated Financial Information

## 11 SHARE CAPITAL (Continued)

Notes: (Continued)

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

|                                  |                      |
|----------------------------------|----------------------|
| Date of grant                    | 27 February 2018     |
| Option valued                    | HK\$2.1514           |
| Share price at the date of grant | HK\$11.74            |
| Exercisable price                | HK\$11.74            |
| Expected volatility              | 34.7230%             |
| Annual risk-free interest rate   | 1.5481%              |
| Life of option                   | 3 years and 6 months |
| Dividend yield                   | 4.8203%              |

- (b) During the period ended 30 June 2018, 32,418,000 shares repurchased by the Company and in which 14,090,000 shares were cancelled in June 2018. Accordingly, the issued share capital of the Company was reduced by the nominal value of these shares and the premiums paid on these shares upon the repurchase were charged against share premium account. An amount equivalent to the par value of the shares cancelled was transferred from the Company's retained earnings to the capital redemption reserve.

| Month of Repurchase | Number of  |               | Highest price per Share | Lowest price per Share | Aggregate consideration HK\$'000 |
|---------------------|------------|---------------|-------------------------|------------------------|----------------------------------|
|                     | Shares of  | HK\$0.10 each |                         |                        |                                  |
| May 2018            | 14,090,000 |               | HK\$11.40               | HK\$10.72              | 154,791                          |
| June 2018           | 18,328,000 |               | HK\$9.38                | HK\$8.87               | 166,589                          |

# Notes to the Condensed Consolidated Financial Information

## 12 OTHER RESERVES

| Note   | Statutory reserve fund | Enterprise expansion fund | Foreign currency translation reserve | Capital reserve | Share options reserve | Property revaluation reserve | Capital redemption reserve | Available-for-sale reserve | Subtotal  | Retained earnings | Total       |
|--|------------------------|---------------------------|--------------------------------------|-----------------|-----------------------|------------------------------|----------------------------|----------------------------|-----------|-------------------|-------------|
| <b>Balance at 1 January 2018</b>   | 1,387,886              | 46,867                    | 545,930                              | 11,840          | 40,683                | 37,227                       | 17,344                     | 14,458                     | 2,102,235 | 15,199,009        | 17,301,244  |
| Profit for the period  | —                      | —                         | —                                    | —               | —                     | —                            | —                          | —                          | —         | 2,007,524         | 2,007,524   |
| Change in value of available-for-sale financial assets                                       | —                      | —                         | —                                    | —               | —                     | —                            | —                          | 7,831                      | (7,831)   | —                 | (7,831)     |
| Share of the other comprehensive income of investments accounted for using the equity method | —                      | —                         | (65,930)                             | —               | —                     | —                            | —                          | —                          | (65,930)  | —                 | (65,930)    |
| Currency translation differences   | —                      | —                         | (290,863)                            | —               | —                     | —                            | —                          | —                          | (290,863) | —                 | (290,863)   |
| Employees' share option scheme:  | —                      | —                         | —                                    | —               | —                     | —                            | —                          | —                          | —         | —                 | —           |
| – Proceeds from shares issued  | —                      | —                         | —                                    | —               | (15,454)              | —                            | —                          | —                          | (15,454)  | —                 | (15,454)    |
| – Value of employee services   | —                      | —                         | —                                    | —               | 16,622                | —                            | —                          | —                          | 16,622    | —                 | 16,622      |
| – Release on forfeiture of share options   | —                      | —                         | —                                    | —               | (38)                  | —                            | —                          | —                          | (38)      | 38                | —           |
| Repurchase and cancellation of shares  | —                      | —                         | —                                    | —               | —                     | —                            | 1,409                      | —                          | 1,409     | (1,409)           | —           |
| Repurchase but not yet cancelled   | —                      | —                         | —                                    | —               | —                     | —                            | —                          | —                          | —         | —                 | —           |
| Dividend paid to non-controlling interest  | —                      | —                         | —                                    | —               | —                     | —                            | —                          | —                          | —         | —                 | —           |
| Dividend relating to 2017  | —                      | —                         | —                                    | —               | —                     | —                            | —                          | —                          | —         | (1,124,087)       | (1,124,087) |
| <b>Balance at 30 June 2018</b>   | 1,387,886              | 46,867                    | 189,137                              | 11,840          | 41,813                | 37,227                       | 18,753                     | 6,627                      | 1,740,150 | 16,081,075        | 17,821,225  |

# Notes to the Condensed Consolidated Financial Information

## 13 TRADE AND OTHER PAYABLES

|                           | As at                          |                                  |
|---------------------------|--------------------------------|----------------------------------|
|                           | 30 June<br>2018<br>(Unaudited) | 31 December<br>2017<br>(Audited) |
| Trade payables (note (a)) | 915,144                        | 922,721                          |
| Bill payables (note (b))  | <u>311,083</u>                 | <u>97,511</u>                    |
|                           | 1,226,227                      | 1,020,232                        |
| Other payables            | 2,628,620                      | 1,642,147                        |
| Less: non-current portion | <u>(56,962)</u>                | <u>(108,198)</u>                 |
| Current portion           | <u><b>3,797,885</b></u>        | <u><b>2,554,181</b></u>          |

Notes:

- (a) At 30 June 2018 and 31 December 2017, the ageing analysis of the trade payables was as follows:

|              | As at                          |                                  |
|--------------|--------------------------------|----------------------------------|
|              | 30 June<br>2018<br>(Unaudited) | 31 December<br>2017<br>(Audited) |
| 0-90 days    | 833,162                        | 817,616                          |
| 91-180 days  | 32,356                         | 47,535                           |
| 181-365 days | 22,825                         | 9,686                            |
| 1-2 years    | 9,427                          | 31,899                           |
| Over 2 years | <u>17,374</u>                  | <u>15,985</u>                    |
|              | <u><b>915,144</b></u>          | <u><b>922,721</b></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<br>2018<br>(Unaudited) | 31 December<br>2017<br>(Audited) |
| <b>Non-current</b>  |                                |                                  |
| Bank borrowings, guaranteed (note (a))                    | 8,820,765                      | 8,466,385                        |
| Less: Current portion                                     | <u>(2,427,988)</u>             | <u>(2,067,702)</u>               |
| Shown as non-current liabilities                          | <u>6,392,777</u>               | <u>6,398,683</u>                 |
| <b>Current</b>  |                                |                                  |
| Current portion of non- current borrowings,<br>guaranteed | <u>2,427,988</u>               | <u>2,067,702</u>                 |
| Shown as current liabilities                              | <u>2,427,988</u>               | <u>2,067,702</u>                 |
| Total bank and other borrowings                           | <u>8,820,765</u>               | <u>8,466,385</u>                 |

# Notes to the Condensed Consolidated Financial Information

## 14 BANK AND OTHER BORROWINGS (Continued)

Note:

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

At 30 June 2018 and 31 December 2017, the Group's bank borrowing were repayable as follows:

|                       | As at                          |                                  |
|-----------------------|--------------------------------|----------------------------------|
|                       | 30 June<br>2018<br>(Unaudited) | 31 December<br>2017<br>(Audited) |
| Within 1 year         | 2,427,988                      | 2,067,702                        |
| Between 1 and 2 years | 4,005,341                      | 2,848,747                        |
| Between 2 and 5 years | 2,387,436                      | 3,549,936                        |
|                       | <u>8,820,765</u>               | <u>8,466,385</u>                 |

At 30 June 2018 and 31 December 2017, the carrying amounts of the Group's bank borrowings are denominated in the following currencies:

|     | As at                          |                                  |
|-----|--------------------------------|----------------------------------|
|     | 30 June<br>2018<br>(Unaudited) | 31 December<br>2017<br>(Audited) |
| HKD | <u>8,820,765</u>               | <u>8,466,385</u>                 |

The carrying amounts of bank borrowings approximate their fair values as at 30 June 2018 and 31 December 2017.

The effective interest rates at the balance sheet date were as follows:

|                 | 30 June 2018 |           | 31 December 2017 |              |
|-----------------|--------------|-----------|------------------|--------------|
|                 | HK\$         | US\$      | HK\$             | US\$         |
| Bank borrowings | <u>2.24%</u> | <u>—%</u> | <u>2.01%</u>     | <u>1.12%</u> |

## 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<br>For the six months ended<br>30 June |                  |
|--|--|------------------|
|  | 2018   | 2017             |
| Depreciation and amortization  | 492,470  | 422,032          |
| Employee benefit expenses  | 570,798  | 517,861          |
| Cost of inventories  | 3,684,869  | 3,194,233        |
| Other selling expenses (including transportation and advertising costs)                  | 228,177  | 185,417          |
| Operating lease payments in respect of land and buildings                                | 1,214  | 996              |
| Provision for/(reversal of provision for) impairment of trade and other receivables, net | 581  | (2,045)          |
| Other expenses, net  | <u>968,623</u>                                   | <u>849,234</u>   |
| Total cost of sales, selling and marketing costs and administrative expenses             | <u>5,946,732</u>                                 | <u>5,167,728</u> |

### 16 OTHER GAINS/(LOSSES) — NET

|  | Unaudited<br>For the six months ended<br>30 June |                 |
|--|--|-----------------|
|  | 2018   | 2017            |
| Other foreign exchange gains/(losses), net                               | 42,865   | (44,907)        |
| Losses on disposal and written-off of property, plant and equipment, net | (2,414)  | (12,765)        |
| Others   | <u>—</u>   | <u>12,229</u>   |
|  | <u>40,451</u>                                    | <u>(45,443)</u> |

# Notes to the Condensed Consolidated Financial Information

## 17 FINANCE INCOME AND FINANCE COSTS

### FINANCE INCOME

|   | Unaudited<br>For the six months ended<br>30 June |               |
|---|--|---------------|
|   | 2018   | 2017          |
| Interest income on short-term bank deposits | <u>33,044</u>                                    | <u>23,444</u> |

### FINANCE COSTS

|   | Unaudited<br>For the six months ended<br>30 June |               |
|---|--|---------------|
|   | 2018   | 2017          |
| Interest on bank borrowings   | 112,042  | 80,051        |
| Less: interest expenses capitalised under<br>construction in progress | (16,996)   | (16,211)      |
| Interest on convertible bonds   | <u>—</u>   | <u>9,165</u>  |
|   | <u>95,046</u>                                    | <u>73,005</u> |

# Notes to the Condensed Consolidated Financial Information

## 18 INCOME TAX EXPENSE

|                                     | Unaudited<br>For the six months ended<br>30 June |                |
|-------------------------------------|--|----------------|
|                                     | 2018   | 2017           |
| Current income tax                  |  |                |
| – Hong Kong profits tax (Note a)    | 4,330  | 18,663         |
| – PRC corporate income tax (Note b) | 314,945  | 265,452        |
| – Overseas income tax (Note c)      | 686  | 1,256          |
|                                     | <u>319,961</u>                                   | <u>285,371</u> |

Note:

- (a) Hong Kong profits tax

Hong Kong profits tax has been provided at the rate of 16.5% (2017: 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 Shenzhen, Wuhu, Dongguan, Tianjin, Jiangmen, Sichuan and Yingkou are 25% (2017: 25%). Thirteen (2017: twelve) major subsidiaries in Shenzhen, Dongguan, Wuhu, Tianjin, Jiangmen, Yingkou and Sichuan enjoy high-tech enterprise income tax benefit and the tax rate is 15%.

- (c) Overseas income tax

Taxation on overseas profits has been calculated on the estimated assessable profits for the periods ended 30 June 2018 and 2017 at the rates of taxation prevailing in the countries in which the Group operates.



# Notes to the Condensed Consolidated Financial Information

## 19 DIVIDENDS

|   | For the six months ended<br>30 June |                  |
|---|-------------------------------------|------------------|
|   | 2018                                | 2017             |
| Final dividend payable for 2017 of 28.0 HK cents<br>(2016: 23.0 HK cents) per Share | 1,124,087                           | 919,845          |
| Proposed interim dividend of 25.0 HK cents<br>(2017: 20.0 HK cents) per Share       | <u>999,332</u>                      | <u>800,787</u>   |
|   | <u>2,123,419</u>                    | <u>1,719,724</u> |

Note:

At a meeting of the Board held on 31 July 2018, the Directors declared an interim dividend of 25.0 HK cents per Share for the six months ended 30 June 2018. The amount of 2018 proposed interim dividend is based on 3,997,327,647 shares in issue as at 30 June 2018.

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 2018.

# Notes to the Condensed Consolidated Financial Information

## 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<br>For the six months ended<br>30 June |           |
|---|--|-----------|
|   | 2018   | 2017      |
| Profit attributable to equity holders of the Company (HK\$'000) | 2,007,524  | 1,635,924 |
| Weighted average number of Shares in issue (thousands)          | 4,019,079  | 3,928,297 |
| Basic earnings per Share (HK cents per Share)                   | 50.0   | 41.6      |

### 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 and convertible bonds 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. The effect of the assumed conversion of convertible bonds in issue for the period ended 30 June 2017 and the net profit is adjusted to eliminate the interest expense less tax effect.

## Notes to the Condensed Consolidated Financial Information

### 20 EARNINGS PER SHARE (Continued)

#### DILUTED (Continued)

|  | Unaudited<br>For the six months ended<br>30 June |                  |
|--|--|------------------|
|  | 2018   | 2017             |
| <b>Earnings</b>  |  |                  |
| Profit attributable to equity holders<br>of the Company (HK\$'000)                               | 2,007,524  | 1,635,924        |
| Share of profit of an associate as a result of<br>diluted earnings at associate level (HK\$'000) | (103)  | (563)            |
|  | <u>2,007,421</u>                                 | <u>1,635,361</u> |
| <b>Weighted average number of Shares<br/>in issue (thousands)</b>                                | <b>4,019,079</b>                                 | <b>3,928,297</b> |
| Adjustments for:   |  |                  |
| Share options (thousands)  | 33,138   | 10,860           |
|  | <u>4,052,217</u>                                 | <u>3,939,157</u> |
| Weighted average number of Shares for diluted<br>earnings per Share (thousands)                  |  |                  |
|  | <u>4,052,217</u>                                 | <u>3,939,157</u> |
| Diluted earnings per Share (HK cents per Share)  | <u>49.5</u>                                      | <u>41.5</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 2018 and 31 December 2017.

|                                     | Level 1       | Level 2  | Level 3  | Total         |
|-------------------------------------|---------------|----------|----------|---------------|
| <b>At 30 June 2018</b>              |               |          |          |               |
| Assets                              |               |          |          |               |
| Available-for-sale financial assets |               |          |          |               |
| – Equity securities                 | <u>44,578</u> | <u>—</u> | <u>—</u> | <u>44,578</u> |
|                                     | Level 1       | Level 2  | Level 3  | Total         |
| <b>At 31 December 2017</b>          |               |          |          |               |
| Assets                              |               |          |          |               |
| Available-for-sale financial assets |               |          |          |               |
| – Equity securities                 | <u>52,409</u> | <u>—</u> | <u>—</u> | <u>52,409</u> |

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. Instruments included in level 1 at 30 June 2018 comprised available-for-sale financial assets.

# Notes to the Condensed Consolidated Financial Information

## 21 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(Continued)

### FAIR VALUE ESTIMATION (Continued)

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 2018, there were no transfer between Level 1 and Level 2, or transfer into or out of Level 3 (2017: Nil). The group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

## 22 COMMITMENTS

### CAPITAL COMMITMENTS

Capital expenditure at the balance sheet date but not yet incurred is as follows:

|  | As at                          |                                  |
|--|--------------------------------|----------------------------------|
|  | 30 June<br>2018<br>(Unaudited) | 31 December<br>2017<br>(Audited) |
| Land use right and property, plant and equipment – contracted but not provided for | <u>832,193</u>                 | <u>512,714</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<br>For the six months ended<br>30 June |         |
|--|--|---------|
|  | 2018   | 2017    |
| Purchases of goods from associates   |  |         |
| – Tianjin Wuqing District Xinke Natural Gas Investment Company Limited             | 125,964  | 138,282 |
| – Beihai Yiyang Mineral Company Limited  | 119,274  | 72,915  |
| – Dongyuan County Xinhuali Quartz Sand Company Limited                             | 24,171   | 17,377  |
| – A subsidiary of Xinyi Solar  | 2,788  | 395     |
| – An entity controlled by the ultimate controlling parties                         | 291  | —       |
|  | <hr/>  | <hr/>   |
| Management fee paid to related parties   |  |         |
| – An entity controlled by the ultimate controlling parties                         | 1,054  | —       |
|  | <hr/>  | <hr/>   |
| Processing fee from lithium battery energy storage product paid to related parties |  |         |
| – An entity controlled by the ultimate controlling parties                         | 29,379   | —       |
|  | <hr/>  | <hr/>   |
| Sales of goods to an associate   |  |         |
| – A subsidiary of Xinyi Solar  | 118,515  | 45,731  |
|  | <hr/>  | <hr/>   |
| Sales of goods to related parties  |  |         |
| – Entities controlled by the ultimate controlling parties                          | 16,535   | 6,993   |
| – An entity controlled by the ultimate controlling parties                         | 2,587  | 1,918   |
|  | <hr/>  | <hr/>   |

## Notes to the Condensed Consolidated Financial Information

### 23 RELATED PARTY TRANSACTION (Continued)

#### (A) TRANSACTION WITH RELATED PARTIES (Continued)

|  | Unaudited<br>For the six months ended<br>30 June |               |
|--|--|---------------|
|  | 2018   | 2017          |
| Sales of machineries to an associate<br>– A subsidiary of Xinyi Solar  | <u>35,760</u>                                    | <u>25,089</u> |
| Consultancy income received from<br>an associate<br>– A subsidiary of Xinyi Solar  | <u>431</u>                                       | <u>412</u>    |
| Rental income received from an associate<br>– A subsidiary of Xinyi Solar  | <u>3,535</u>                                     | <u>2,601</u>  |
| Rental income received from a related party<br>– An entity controlled by the ultimate<br>controlling parties                           | <u>60</u>  | <u>60</u>     |
| Rental expenses paid to an associate<br>– A subsidiary of Xinyi Solar  | <u>568</u>                                       | <u>498</u>    |
| Share option income received from<br>a related party<br>– An entity controlled by the<br>ultimate controlling parties                  | <u>74</u>  | <u>123</u>    |
| Transportation fee received from<br>an associate<br>– A subsidiary of Xinyi Solar  | <u>1,969</u>                                     | <u>32,981</u> |
| Proceeds from disposal of a subsidiary<br>received from an associate<br>– A subsidiary of Xinyi Solar                                  | <u>—</u>   | <u>1,136</u>  |
| Proceeds from sales of interest in<br>a subsidiary to a related party<br>– An entity controlled by the<br>ultimate controlling parties | <u>—</u>   | <u>2,478</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<br>2018<br>(Unaudited) | 31 December<br>2017<br>(Audited) |
| Balance with/loan advance to associates   |                                |                                  |
| – Dongyuan County Xinhuali Quartz Sand Company Limited                              | <u>62,117</u>                  | <u>79,341</u>                    |
| Receivable from an associate arising from sales of machineries                      |                                |                                  |
| – A subsidiary of Xinyi Solar   | <u>77,226</u>                  | <u>53,709</u>                    |
| Receivable from an associate arising from provision of consultancy services         |                                |                                  |
| – A subsidiary of Xinyi Solar   | <u>85</u>                      | <u>69</u>                        |
| Receivable from a related party arising from sale of good                           |                                |                                  |
| – An entity controlled by the ultimate controlling parties                          | <u>429</u>                     | <u>—</u>                         |
| Receivable from an associate arising from rental income and deposits                |                                |                                  |
| – A subsidiary of Xinyi Solar   | <u>60</u>                      | <u>—</u>                         |
| Payable to an associate arising from prepayment received for sales of freehold land |                                |                                  |
| – A subsidiary of Xinyi Solar   | <u>106,594</u>                 | <u>—</u>                         |



## Further Information on the Group

### INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

As the Group recorded an increase in net profit for the six months ended 30 June 2018 as compared with the six months ended 30 June 2017, the Directors consider that the Group has achieved a remarkable level of profitability. The Directors are pleased to declare an interim dividend of 25.0 HK cents per Share for the six months ended 30 June 2018 (2017: 20.0 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 Friday, 17 August 2018. The interim dividend is payable on or before Tuesday, 4 September 2018.

The Company’s register of members will be closed from Wednesday, 15 August 2018 to Friday, 17 August 2018 (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 Tuesday, 14 August 2018.

### PURCHASE, SALE OR REDEMPTION OF SHARES

The Company repurchased its own Shares on the Stock Exchange in May and June 2018. 14,090,000 shares and 18,328,000 shares of the repurchased Shares were subsequently cancelled on 6 June 2018 and 11 July 2018 respectively. Accordingly, the issue share capital of the Company was reduced by the nominal value of the repurchased Shares and the premium paid on these Shares upon repurchase was charged against the share premium account. An amount equivalent to the par value of the Shares repurchased and canceled was transferred from the Company's retained earnings to the capital redemption reserve. The table below sets for the further information of such repurchases:

| Month of Repurchase | Number of Repurchased Shares | Highest Price per Share | Lowest Price per Share | Aggregate Share Price Paid<br><i>HK\$'000</i> |
|---------------------|------------------------------|-------------------------|------------------------|---|
| May 2018            | 14,090,000                   | 11.40                   | 10.72                  | 154,791                                       |
| June 2018           | <u>18,328,000</u>            | 9.38                    | 8.87                   | <u>166,589</u>                                |
|                     | <u>32,418,000</u>            |                         |                        | <u>321,380</u>                                |

Save as disclosed above, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of any listed securities of the Company during the period ended 30 June 2018.

## Further Information on the Group

### 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 2018.

### 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 2018.

### REVIEW OF THE INTERIM RESULTS

The Company’s interim results for the six months ended 30 June 2018 have not been audited but have been reviewed by the Company’s audit committee, comprising the five independent non-executive Directors.

### 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 2018, the interests and short positions of the Directors and chief executive of the Company in the Shares, the underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which the Directors or the chief executive were taken or deemed to have under such provisions) and the Model Code were as follows:

#### THE COMPANY

##### *Long position in the Shares*

| Name of Director        | Nature of interest                                     | Number of Shares held | Percentage of the Company's issued share capital |
|-------------------------|--|-----------------------|--|
| Mr. LEE Yin Yee, B.B.S. | Interest of a controlled corporation ( <i>Note a</i> ) | 725,209,552           | 18.06%   |
|                         | Interest of a controlled corporation ( <i>Note m</i> ) | 29,574,000            | 0.74%  |
|                         | Personal interest ( <i>Note b</i> )                    | 129,380,000           | 3.22%  |
| Mr. TUNG Ching Bor      | Interest of a controlled corporation ( <i>Note c</i> ) | 266,766,456           | 6.64%  |
|                         | Interest of a controlled corporation ( <i>Note m</i> ) | 29,574,000            | 0.74%  |
|                         | Personal interest ( <i>Note d</i> )                    | 38,086,000            | 0.95%  |
| Mr. TUNG Ching Sai      | Interest of a controlled corporation ( <i>Note e</i> ) | 246,932,579           | 6.15%  |
|                         | Interest of a controlled corporation ( <i>Note m</i> ) | 29,574,000            | 0.74%  |
|                         | Personal interest                                      | 2,908,000             | 0.07%  |
|                         | Personal interest ( <i>Note f</i> )                    | 126,512,000           | 3.15%  |
| Mr. LI Ching Wai        | Interest of a controlled corporation ( <i>Note g</i> ) | 116,580,868           | 2.90%  |
|                         | Interest of a controlled corporation ( <i>Note m</i> ) | 29,574,000            | 0.74%  |
|                         | Personal interest                                      | 3,000,000             | 0.07%  |

## Further Information on the Group

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

#### THE COMPANY (Continued)

##### Long position in the Shares (Continued)

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

#### Notes:

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

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

#### THE COMPANY (Continued)

##### *Long position in the Shares (Continued)*

Notes: (Continued)

- (e) Mr. TUNG Ching Sai'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 Mr. TUNG Ching Sai.
- (f) Mr. TUNG Ching Sai's interests in the Shares are held through his spouse, Madam SZE Tang Hung.
- (g) Mr. LI Ching Wai's interests in the Shares are held through Goldbo International Limited ("**Goldbo**"), a company incorporated in the BVI with limited liability on 2 July 2004 and wholly-owned by Mr. LI Ching Wai.
- (h) Mr. NG Ngan Ho's interests in the Shares are held through Linkall Investment Limited ("**Linkall**"), a company incorporated in the BVI with limited liability on 2 July 2004 and wholly-owned by Mr. NG Ngan Ho.
- (i) Mr. SZE Nang Sze's interests in the Shares are held through Goldpine Limited ("**Goldpine**"), a company incorporated in the BVI with limited liability on 2 July 2004 and wholly-owned by Mr. SZE Nang Sze.
- (j) Mr. LI Ching Leung's interests in the Shares are held through Herosmart Holdings Limited ("**Herosmart**"), a company incorporated in the BVI with limited liability on 1 July 2004 and wholly-owned by Mr. LI Ching Leung.
- (k) Mr. LI Ching Leung's interests in the Shares are held through a joint account with his spouse, Madam DY Maria Lumin.
- (l) Mr. TRAN Chuen Wah, John's interest in the Shares are held through his spouse, Madam LAM Ying.
- (m) The interest in the Shares are held through Full Guang Holdings Limited ("**Full Guang**"), a company incorporated in the BVI with limited liability on 19 December 2005. Full Guang is owned by Mr. LEE Yin Yee as to 33.98%, Mr. TUNG Ching Bor as to 16.20%, Mr. TUNG Ching Sai as to 16.20%, Mr. LEE Sing Din as to 11.85%, Mr. LI Ching Wai as to 5.56%, Mr. NG Ngan Ho as to 3.70%, Mr. LI Man Yin as to 3.70%, Mr. SZE Nang Sze as to 5.09% and Mr. LI Ching Leung as to 3.70%.

## Further Information on the Group

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

#### ASSOCIATED CORPORATIONS

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

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

#### **ASSOCIATED CORPORATIONS** (Continued)

Notes:

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

Save as disclosed above, as of 30 June 2018, to the knowledge of the Company, none of the Directors or chief executive of the Company had or was deemed under the SFO to have any interests or short positions in any of the Shares or the underlying share and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be recorded pursuant to section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Divisions 7 and 8 of Part XV of the SFO or to be notified to the Company and the Stock Exchange pursuant to the Model Code.



## Further Information on the Group

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

As of 30 June 2018, the interests and short positions of the persons, other than Directors and chief executive of the Company, in the Shares and the underlying Shares of the Company, as notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO; or as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO, were as follows:

#### THE COMPANY

##### *Long position in the Shares*

| Name of Shareholders               | Number of Shares held | Capacity                        | Percentage of the Company's issued share capital |
|------------------------------------|-----------------------|---------------------------------|--|
| Realbest                           | 725,209,552           | Registered and beneficial owner | 18.06%   |
| High Park                          | 266,766,456           | Registered and beneficial owner | 6.64%  |
| Copark                             | 246,932,579           | Registered and beneficial owner | 6.15%  |
| Telerich Investment Limited (Note) | 251,595,089           | Registered and beneficial owner | 6.27%  |

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

Save as disclosed above, the Directors are not aware of any persons who were directly or indirectly interested in 10% or more of the shares then in issue, or equity interest in any member of the Group representing 10% or more of the equity interest in such company, or who had any interests or short positions in the shares and underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as at 30 June 2018.

### EXECUTIVE DIRECTORS

Mr. LEE Yin Yee, B.B.S. (Chairman) ø~<  
Mr. TUNG Ching Bor (Vice Chairman)  
Mr. TUNG Ching Sai  
(Chief Executive Officer) <ø  
Mr. LEE Shing Kan

### NON-EXECUTIVE DIRECTORS

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

### INDEPENDENT NON-EXECUTIVE DIRECTORS

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

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

### COMPANY SECRETARY

Mr. LAU Sik Yuen, FCPA, AICPA

### REGISTERED OFFICE

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

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

### LEGAL ADVISERS

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

### AUDITOR

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

### PRINCIPAL BANKERS

Bank of China (Hong Kong)  
Bank of East Asia  
Citibank, N.A.  
CTBC Bank (Hong Kong)  
DBS Bank  
First Abu Dhabi Bank  
Hang Seng Bank  
HSBC  
Maybank Hong Kong  
Mizuho Bank  
MUFG Bank  
MUFG Lease and Finance  
Nanyang Commercial Bank

## Corporate Information

OCBC Wing Hang Bank  
Standard Chartered Bank  
Sumitomo Mitsui Banking Corporation  
United Overseas Bank  
Malayan Banking Berhad  
Bank of China  
Bank of Communications  
Ping An Bank  
China Merchants Bank  
China Citic Bank  
Huishang Bank  
Industrial and Commercial Bank of China  
Industrial Bank  
Shanghai Pudong Development Bank

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

### WEBSITE

<http://www.xinyiglass.com>

### SHARE INFORMATION

Place of listing: Main Board of The Stock  
Exchange of Hong Kong Limited  
Stock code: 00868  
Listing date: 3 February 2005  
Board lot: 2,000 ordinary shares  
Financial year end: 31 December  
Share issued and fully paid as of the  
date of this interim report:  
3,997,649,647 Shares  
Share price as of the date of this  
interim report: HK\$9.24  
Market capitalisation as of the  
date of this interim report:  
Approximately HK\$36.94 billion

### KEY DATES

Closure of register of members:  
15 August 2018 to 17 August 2018  
(both days inclusive)  
Proposed interim dividend payable date:  
On or before 4 September 2018