



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 2016



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Financial Highlights

	Six months ended 30 June	Year ended 31 December	
(in HK\$'000)	2016 (Unaudited)	2015 (Unaudited)	2015 (Audited)
Turnover	5,885,042	5,282,838	11,460,263
Profit before income tax	1,571,791	1,084,543	2,379,625
Profit attributable to Company's equity holders	1,369,122	944,876	2,113,143
Dividends	659,829	372,574	656,508
Equity attributable to Company's equity holders	13,032,656	13,016,706	12,718,466
(number of ordinary shares ("Share") in '000)			
Weighted average number of Shares in issue	3,875,333	3,921,426	3,921,753
(in Hong Kong cents)			
Earnings per Share - basic	35.33	24.10	53.88
Earnings per Share - diluted	35.20	24.09	53.11
Dividends per Share	17.0	9.5	17.0
Equity attributable to Company's equity holders per Share	336.30	331.94	324.31

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 2016.

In comparison with the same period in 2015, turnover of the Group increased by approximately 11.4% to approximately HK\$5,885.0 million during the six months ended 30 June 2016. The net profit attributable to equity holders of the Company for the review period increased by approximately 44.9%, to approximately HK\$1,369.1 million. Basic earnings per Share were 35.33 HK cents, as compared with 24.10 HK cents for the same period in 2015.

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 17.0 HK cents per Share.

I present below an overview of the business of the Group for the six months ended 30 June 2016 and key development highlights for the coming half year.

BUSINESS REVIEW

THE PRC GLASS INDUSTRY IS VOLATILE AND UNDERGOING STRUCTURAL CHANGES

The growth of the PRC economy remained low during the six months ended 30 June 2016. The operating results of the automobile glass, construction glass and the float glass segments faced different challenges and opportunities. Nonetheless, the Group achieved remarkable operating results primarily attributable to the stringent control in the material costs and the reduction in the energy costs.

Chairman's Statement

There was an improvement in the PRC property development market in the six months ended 30 June 2016 because of the relaxation of both property and monetary policies, the cancellation of the restrictions on second home purchases and the reduction of the People's Bank of China's Reserve Ratio Requirement ("RRR") while the lending interest rates have slowly improved the market liquidity. Nevertheless, the highly competitive PRC energy-saving Low-E glass market in the construction industry has only led to an insignificant increase in the revenue of the Group's construction glass segment. Therefore, the growth momentum for the Group from the construction industry is still modest.

With the gradually improving demand from the construction glass industry in the PRC and the wide variety of the Group's float glass product mix, the sales volume of the float glass has enjoyed a significant growth during the six-months period under review. At the same time, the stringent control in the material and the reduction in the energy costs contributed to the improvement in the gross profit margin of the sales of float glass.

In light of the prevailing global market conditions, the Group has proactively implemented flexible marketing strategies for its automobile glass business, with the addition of new products, such as a sun roof, which are suitable for new car models. At the same time, it has been approaching new overseas customers and exploring opportunities to maintain the sales volume of these products. Currently, the Group's automobile glass products are sold to more than 130 countries.

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

BETTER PRODUCTIVITY, TECHNOLOGY AND ECONOMIES OF SCALE TO IMPROVE PRODUCTION EFFICIENCY

The Group's strength in operational management, combined with the continuous improvements in the production process and well-planned equipment maintenance programs, have enhanced its productivity and yield, which, in turn, have reduced overall labour, production and energy costs in 2016. Its economies of scale have enabled significant savings in the production and the 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 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 the carbon emission levels and improve the energy cost structure of the Group.

EXPANDED HIGH VALUE-ADDED PRODUCT MIX ENHANCES OVERALL COMPETITIVENESS

During the six-month period under review, the revenue generated from the Group's automobile glass, construction glass and high-quality float glass businesses has achieved growth at such rates exceeding the industry average. This performance demonstrates that the Group's combination of its diversified business and the expanded high value-added product mix can alleviate the operational pressure in any specific business segment within a volatile and competitive market environment.

Chairman's Statement

BUSINESS OUTLOOK

The Group will continue to adopt flexible production plans and increase the level of automation to further improve operational efficiency to maintain its leadership and competitiveness among the leading ranks of the world's glass manufacturers.

The PRC government has continued to tighten the policy on constructing new float glass production lines and phasing out the obsolete production lines because of higher environmental standards on emissions. The Group is embarking on prudent and flexible strategies in response to the current situation of the float glass market in the PRC and South East Asia. The current low international crude oil price mitigates the pressure on the natural gas prices for our operations in Guangdong province. The two local natural gas price adjustments during April and November 2015 in the PRC have reduced our energy costs in other provinces. Thus the Group is optimistic that the float glass market will improve in the foreseeable future.

At the same time, the Directors are generally optimistic about the sustained good performance of its automobile glass in the global market and the increased sales in the energy-saving and double-glazed Low-E glass segments in the future.

After years of expanding production facilities in the PRC, the Group is ready to explore acquisition and overseas expansion opportunities which can provide an attractive market environment, lower production and energy costs, and offer favourable tax treatments and other incentive programs. The construction of a glass production complex in Malaysia is our first overseas project, the operation of which will benefit our future growth in the region as well as facilitate specific transactions.

The Group is constructing one high quality float glass production line and one Low-E coating glass production line in Malaysia. The new plant enables us to better serve our ASEAN-based customers through the preferential import duty treatment and appropriate pricing strategy as well as the shorter transport distance. We are also building our first wind farm project in Anhui province, the PRC in order to capture the growth potential presented by the PRC policy on encouraging clean and renewable energy.

The Group will continue to ensure that adequate resources are allocated to product research and development, enhancing product quality, boosting production efficiency and staff training in order to maintain its competitiveness and boost its profit margin.

CONCLUSION

The Group continues to tackle the challenges amidst slowdown in economic growth in the PRC and overseas by increasing its efficiency and bolstering its profitability through effective management across its operations and continued collaboration with its customers. The Directors believe that these strategies enable the Group to maximise the benefits from the emerging business opportunities. The Directors are also optimistic about the Group's long-term business development prospects. The Group is also adopting proven business strategies to sustain and strengthen growth. To maintain its industry-leading position, the Group is exploring expanding its presence in the global glass market across a wide spectrum of industries, applications, and products as well as other opportunities for business cooperation.

Datuk LEE Yin Yee, B.B.S.

Chairman

Hong Kong, 2 August 2016

Management's Discussion and Analysis

FINANCIAL REVIEW

During the six months ended 30 June 2016, the revenue and the net profit of the Group were HK\$5,885.0 million and HK\$1,369.1 million, respectively, representing an increase of 11.4% and 44.9% as compared with HK\$5,282.8 million and HK\$944.9 million, respectively, for the six months ended 30 June 2015. The Directors are 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 mainly attributable to the strong growth of the float glass business and the steady growth of the automobile glass business. The expanded product mix, increased production capacity and the improved market environment of the float glass industry contributed to the revenue growth of 22.7% as compared with the same period in 2015.

The strong momentum of the sales of the aftermarket automobile glass in North America has mitigated the negative impact of the weak Euro and the European market during the six-month period under review as it achieved a steady growth of the sales of the automobile glass 4.9% during the period.

Although the tighter policies on the PRC property market have been gradually relaxed, the construction activities in the PRC remain very competitive during the six-month period under review. Hence, the glass manufacturers continued to reduce the selling prices of the construction glass products in order to maintain the market share. On the other hand, with the PRC the government policies on environmental protection and the encouragement of energy-saving buildings, 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 the economies of scale and nationwide sales and delivery coverage which contributed to a revenue growth of 1.1% in light of the unsteady industry environment as compared with the same period in 2015.

GROSS PROFIT

The Group's gross profit for the six months ended 30 June 2016 increased by 44.8% to HK\$2,041.4 million as compared with HK\$1,409.9 million for the same period in the previous year. The gross profit margin increased to 34.7% during the six-month period under review as compared with 26.7% in 2015. There was a significant improvement in the float glass gross margin as a result of the low material costs, energy cost and the improved production efficiency during the six-month period under review. The low float glass cost also improved the gross profit margins of the automobile glass and the construction glass businesses.

OTHER GAINS

Other gains for the six months ended 30 June 2016 were HK\$42.9 million, as compared with HK\$174.6 million for the six months ended 30 June 2015. The significant decrease was due to the one-off non-cash gain of HK\$143.9 million on the dilution of the shareholding in Xinyi Solar Holdings Limited recorded in March 2015.

SELLING AND MARKETING EXPENSES

Selling and marketing expenses increased by 12.6% to HK\$351.3 million for the period under review. The increase was commensurate with the increase in the revenue during the six-month period under review.

ADMINISTRATIVE EXPENSES

Administrative expenses increased by 21.0% to HK\$533.4 million for the six months ended 30 June 2016. The increase was principally attributable to the increased research and development expenses, the sharing of the spin-off expenses of Xinyi Automobile Glass Hong Kong Enterprises Limited for the six-month period under review and the write-back for the over-provision of bad debt in the amount of HK\$6.8 million in 2015.

Management's Discussion and Analysis

FINANCE COSTS

Finance costs increased by 30.6% to HK\$60.3 million for the six months ended 30 June 2016. The increase was principally due to the reduced amount of interest expenses being capitalised 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 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 of the relevant production facilities. Interest amounting to HK\$14.9 million was capitalised under construction-in-progress for the six months ended 30 June 2016.

EARNINGS BEFORE INTEREST, TAXES AND AMORTISATION ("EBITA")

EBITA increased by 37.4% to HK\$2,020.3 million for the six months ended 30 June 2016, as compared with HK\$1,469.1 million during the same period in 2015.

TAXATION

Tax expense amounted to HK\$202.3 million for the six months ended 30 June 2016. The effective tax rate of the Group was reduced to 12.9% as a result of the non-taxable gains generated by XYS during the period. 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 2016 was HK\$1,369.1 million, representing an increase of 44.9% as compared with the same period in 2015. The net profit margin for the period under review rose to 23.3% from 17.9%, 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 2016, the Group incurred an aggregate capital expenditure amounting to HK\$685.0 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 LIABILITIES

As at 30 June 2016, the Group had net current liabilities of HK\$392.4 million mainly due to the convertible bonds amounting to HK\$726.6 million being treated as current liabilities of the Group as at 30 June 2016. 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 2016, the Group's primary sources of funding included cash generated from operating activities and credit facilities provided by principal banks in Hong Kong and China. As at 30 June 2016, the net cash inflow from operating activities amounted to approximately HK\$1,463.9 million (2015: HK\$1,247.3 million) and the Group had cash and cash equivalents of HK\$2,091.6 million (2015: HK\$1,191.5 million).

As at 30 June 2016, total bank borrowings were HK\$6,084.0 million and the value of the convertible bond was HK\$726.6 million. Despite the increase in the liabilities, the net debt gearing ratio, calculated based on net total borrowings (including bills payables) divided by total shareholders' equity (excluding 2016 declared interim dividends and 2015 proposed final dividend), was maintained at 38.61% as at 30 June 2016, as compared with 38.93% as at 31 December 2015. The stable net gearing ratio was principally due to the Group's repayments of bank borrowings and effective cash management during the period.

Management's Discussion and Analysis

INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

As the Group recorded an increase in net profit for the six months ended 30 June 2016 as compared with the six months ended 30 June 2015, the Directors consider that the Group has achieved a remarkable level of profitability. The Directors are pleased to declare an interim dividend of 17.0 HK cents per Share for the six months ended 30 June 2016 (2015: 9.5 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, 19 August 2016. The interim dividend is payable on or before Tuesday, 6 September 2016.

The Company's register of members will be closed from Wednesday, 17 August 2016 to Friday, 19 August 2016 (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, 16 August 2016.

TREASURY POLICIES AND EXPOSURE TO FLUCTUATION IN EXCHANGE RATES

The Group's transactions are mainly denominated in Renminbi, US dollars, Euro, Australian dollars, Japanese Yen and Hong Kong dollars with principal production activities conducted in China. As at 30 June 2016, the Group's bank borrowings were denominated in US dollars and Hong Kong dollars bearing interest rates from 2.02% and 1.81% per annum. Hence, the Group's exposure to foreign exchange fluctuations was limited. The Group did not experience 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 2016, the Group did not use any financial instrument for hedging purposes.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2016, the Group had 12,328 full-time employees of whom 12,230 were based in China and 98 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.

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, 20,149,000 options, 22,740,000 options, 25,552,000 options and 28,500,000 options were granted under the share option scheme on, 2 April 2013, 27 February 2014, 2 March 2015 and 16 March 2016 respectively, and 96,941,000 options were outstanding as at 30 June 2016.

Condensed Consolidated Balance Sheet

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

	Note	As at	
		30 June 2016 (Unaudited)	31 December 2015 (Audited)
ASSETS			
Non-current assets			
Leasehold land and land use rights	5	1,195,190	1,206,069
Property, plant and equipment	6	11,930,544	11,971,015
Investment properties	7	461,991	437,133
Prepayments for property, plant and equipment and land use rights		228,440	172,445
Intangible assets		73,282	74,960
Available-for-sale financial assets		583	588
Investments in associates	8	3,333,381	2,534,651
Loan to associates		29,024	29,294
		<u>17,252,435</u>	<u>16,426,155</u>
Current assets			
Inventories		1,414,534	1,222,659
Loans to associates		2,294	7,577
Trade and other receivables	9	2,477,585	2,381,252
Available-for-sale financial assets		65,059	84,336
Pledged bank deposits	10	1,422	1,419
Cash and bank balances	10	2,090,217	1,298,255
		<u>6,051,111</u>	<u>4,995,498</u>
Total assets		<u>23,303,546</u>	<u>21,421,653</u>

Condensed Consolidated Balance Sheet

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

		As at	
		30 June 2016	31 December 2015
		(Unaudited)	(Audited)
Note			
EQUITY			
Capital and reserves attributable to equity holders of the Company			
	Share capital	11 388,090	392,183
	Share premium	11 2,013,672	2,824,975
	Other reserves	12 826,917	1,060,759
	Retained earnings	<u>9,803,977</u>	<u>8,440,549</u>
		13,032,656	12,718,466
	Non-controlling interests	<u>8,273</u>	<u>7,241</u>
	Total equity	<u>13,040,929</u>	<u>12,725,707</u>
LIABILITIES			
Non-current liabilities			
	Bank and other borrowings	14 3,625,893	3,514,253
	Deferred income tax liabilities	159,432	159,407
	Other payables	<u>33,808</u>	<u>63,104</u>
		<u>3,819,133</u>	<u>3,736,764</u>

Condensed Consolidated Balance Sheet

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

	Note	As at	
		30 June 2016 (Unaudited)	31 December 2015 (Audited)
Current liabilities			
Trade and other payables	13	2,862,413	2,112,465
Current income tax liabilities		396,346	332,702
Bank and other borrowings	14	3,184,725	2,514,015
		<u>6,443,484</u>	<u>4,959,182</u>
Total liabilities		<u>10,262,617</u>	<u>8,695,946</u>
Total equity and liabilities		<u>23,303,546</u>	<u>21,421,653</u>
Total assets less current liabilities		<u>16,860,062</u>	<u>16,462,471</u>

Condensed Consolidated Income Statement

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

		Unaudited	
		Six months ended 30 June	
	Note	2016	2015
Revenue	4	5,885,042	5,282,838
Cost of sales	15	<u>(3,843,653)</u>	<u>(3,872,897)</u>
Gross profit		2,041,389	1,409,941
Other income	4	103,993	112,436
Other gains – net	16	42,873	174,573
Selling and marketing costs	15	(351,287)	(312,067)
Administrative expenses	15	<u>(533,369)</u>	<u>(440,672)</u>
Operating profit		1,303,599	944,211
Finance income	17	16,022	25,793
Finance costs	17	(60,255)	(46,142)
Share of profits of associates	8	<u>312,425</u>	<u>160,681</u>
Profit before income tax		1,571,791	1,084,543
Income tax expense	18	<u>(202,299)</u>	<u>(138,163)</u>
Profit for the period		<u>1,369,492</u>	<u>946,380</u>
Profit attributable to:			
– Equity holders of the Company		1,369,122	944,876
– Non-controlling interest		<u>370</u>	<u>1,504</u>
Profit for the period		<u>1,369,492</u>	<u>946,380</u>
Earnings per Share for profit attributable to the equity holders of the Company during the period (expressed in Hong Kong cents per Share)			
– Basic	20	35.33	24.10
– Diluted	20	35.20	24.09

Condensed Consolidated Statement of Comprehensive Income

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

	Unaudited	
	Six months ended 30 June	
	2016	2015
Profit for the period	<u>1,369,492</u>	<u>946,380</u>
Other comprehensive income		
Items that may be reclassified to profit or loss:		
Change in value of available-for-sale financial assets	(19,277)	(15,400)
Currency translation differences	(172,590)	(19,274)
Share of other comprehensive income of investments accounted for using the equity method	<u>(38,058)</u>	<u>(1,466)</u>
Total comprehensive income for the period	<u>1,139,567</u>	<u>910,240</u>
Total comprehensive income for the period attributable to:		
– Equity holders of the Company	1,138,535	908,900
– Non-controlling interests	<u>1,032</u>	<u>1,340</u>
	<u>1,139,567</u>	<u>910,240</u>

Condensed Consolidated Statement of Changes in Equity

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

		Unaudited							
		Attributable to equity holders of the Company					Non-controlling interests	Total equity	
Note		Share capital	Share premium	Other reserves	Retained earnings	Total			
	Balance at 31 December 2015 and 1 January 2016	392,183	2,824,975	1,060,759	8,440,549	12,718,466	7,241	12,725,707	
	Comprehensive income								
	Profit for the period	—	—	—	1,369,122	1,369,122	370	1,369,492	
	Other comprehensive income								
	Changes in value of available-for-sale financial assets	—	—	(19,277)	—	(19,277)	—	(19,277)	
	Share of other comprehensive income of investments accounted for using equity method	—	—	(38,058)	—	(38,058)	—	(38,058)	
	Currency translation differences	—	—	(173,252)	—	(173,252)	662	(172,590)	
	Total Comprehensive income	—	—	(230,587)	1,369,122	1,138,535	1,032	1,139,567	
	Transactions with owners								
	Employees share option scheme:								
	– Proceeds from shares issued	11(a)	1,911	106,984	(26,671)	—	82,224	—	82,224
	– Value of employee services		—	—	17,722	—	17,722	—	17,722
	– Release on forfeiture of share options		—	—	(310)	310	—	—	—
	Repurchase and cancellation of shares		(6,004)	(258,534)	6,004	(6,004)	—	(264,538)	
	Dividends relating to 2015	19	—	(659,753)	—	—	—	(659,753)	
	Total transactions with owners		(4,093)	(811,303)	(3,255)	(5,694)	(824,345)	—	(824,345)
	Balance at 30 June 2016		388,090	2,013,672	826,917	9,803,977	13,032,656	8,273	13,040,929

Condensed Consolidated Statement of Changes in Equity

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

	Unaudited							
	Attributable to equity holders of the Company						Non-controlling interests	Total equity
	Note	Share capital	Share premium	Other reserves	Retained earnings	Total		
Balance at 31 December 2014 and 1 January 2015		392,161	3,431,959	2,116,333	6,392,830	12,333,283	2,046	12,335,329
Comprehensive income								
Profit for the period		—	—	—	944,876	944,876	1,504	946,380
Other comprehensive income								
Changes in value of available-for-sale financial assets		—	—	(15,400)	—	(15,400)	—	(15,400)
Share of other comprehensive income of investments accounted for using equity method		—	—	(1,466)	—	(1,466)	—	(1,466)
Currency translation differences		—	—	(19,110)	—	(19,110)	(164)	(19,274)
Total Comprehensive income		—	—	(35,976)	944,876	908,900	1,340	910,240
Transactions with owners								
Employees share option scheme:								
– Proceeds from shares issued		22	1,074	(290)	—	806	—	806
– Value of employee services		—	—	12,983	—	12,983	—	12,983
– Release on forfeiture of share options		—	—	(32,094)	32,094	—	—	—
Disposal of a subsidiary		—	—	(624)	—	(624)	—	(624)
Disposal of available-for-sale financial assets		—	—	(3,346)	—	(3,346)	—	(3,346)
Dividends relating to 2014	19	—	(235,296)	—	—	(235,296)	—	(235,296)
Total transactions with owners		22	(234,222)	23,371	32,094	(225,477)	—	(225,477)
Balance at 30 June 2015		392,183	3,197,737	2,056,986	7,369,800	13,016,706	3,386	13,020,092

Condensed Consolidated Cash Flow Statement

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

	Unaudited	
	Six months ended 30 June	
Note	2016	2015
Cash flows from operating activities		
Cash generated from operations	1,660,635	1,398,439
Interest paid	(58,047)	(56,085)
Income tax paid	(138,655)	(95,092)
	1,463,933	1,247,262
Cash flows from operating activities - net		
Cash flows from investing activities		
Purchase of land use rights	(13,876)	(22,665)
Proceeds from disposal of a subsidiary	24 —	268,178
Purchase of property, plant and equipment	(642,210)	(1,302,204)
Capital injection to associates	(617,859)	—
Loan advanced to an associate	—	(37,500)
Interests received	16,022	7,530
Other investing activities	(12,292)	25,538
	(1,270,215)	(1,061,123)
Cash flows from investing activities- net		
Cash flows from financing activities		
Proceeds from bank borrowings	2,344,555	1,650,245
Repayment of banks borrowings	(1,579,326)	(1,472,981)
Share repurchased and cancelled	(264,538)	—
Net proceeds from issuance of ordinary shares	82,224	805
	582,915	178,069
Cash flows from financing activities- net		

Condensed Consolidated Cash Flow Statement

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

	Unaudited	
	Six months ended 30 June	
Note	2016	2015
Net increase in cash and cash equivalents	776,633	364,208
Cash and cash equivalents at beginning of the period	1,298,255	831,169
Effect of foreign exchange rate changes	<u>15,329</u>	<u>(5,284)</u>
Cash and cash equivalents at end of the period	<u>2,090,217</u>	<u>1,190,093</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, construction 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 3rd Floor, Harbour View 2, 16 Science Park East Avenue, Hong Kong Science Park Phase 2, Pak Shek Kok, Tai Po, New Territories, 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 2 August 2016.

2 BASIS OF PREPARATION

This unaudited condensed consolidated interim financial information for the six months ended 30 June 2016 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 2015, 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 2015, as described in 2015 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 2016. The adoption of these amendments to standards does not have any significant impact to the results and financial position of the Group.

		Effective for accounting periods beginning on or after
HKFRSs (Amendment)	Annual Improvements 2012-2014 Cycle	1 January 2016
HKAS 1(Amendment)	Disclosure Initiative	1 January 2016
HKFRS 14	Regulatory Deferral Accounts	1 January 2016
HKFRS 10 and HKAS 28 (Amendment)	Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture	(Note i)
HKFRS 10, HKFRS 12 and HKAS28 (Amendment)	Investment Entities Applying the consolidation Exception	1 January 2016
HKFRS 11 (Amendment)	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
HKAS 16 and HKAS 38 (Amendment)	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
HKAS 16 and HKAS 41 (Amendment)	Agriculture: Bearer Plants	1 January 2016
HKAS 27 (Amendment)	Equity method in separate Financial Statements	1 January 2016
HKAS 7 (Amendment)	Statement of Cash Flow	1 January 2017
HKAS 12 (Amendment)	Income Taxes	1 January 2017
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 16	Leases	1 January 2019

Notes to the Condensed Consolidated Financial Information

3 ACCOUNTING POLICIES (Continued)

NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP (Continued)

Note:

- (i) The amendments were originally intended to be effective for annual periods beginning on or after 1 January 2016. The effective date has been deferred/removed. Early application of the amendments continues to be permitted.

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; (3) construction 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 2016:

	Float glass	Automobile glass	Construction glass	Unallocated	Total
Segment revenue	3,362,842	1,990,239	1,219,845	—	6,572,926
Inter-segment revenue	(687,884)	—	—	—	(687,884)
Revenue from external customers	2,674,958	1,990,239	1,219,845	—	5,885,042
Cost of sales	(2,078,998)	(1,020,898)	(743,757)	—	(3,843,653)
Gross profit	595,960	969,341	476,088	—	2,041,389
Depreciation of property, plant and equipment (Note 15)	270,489	52,628	65,032	851	389,000
Amortisation – leasehold land and land use rights (Note 15)	8,493	2,305	2,778	—	13,576
– intangible assets (Note 15)	563	1,116	—	—	1,679
Provision for impairment of trade and other receivables, net (Note 15)	1,177	5,017	1,119	—	7,313
Total assets	10,304,247	3,690,161	2,919,721	6,389,417	23,303,546
Total assets included:					
Investments in associates (Note 8)	—	—	—	3,333,381	3,333,381
Loans to associates	—	—	—	31,318	31,318
Additions to non-current assets (other than available-for-sale financial assets and deferred income tax assets)	250,722	55,031	24,138	884,156	1,214,047
Total liabilities	1,406,811	678,792	309,247	7,867,767	10,262,617

Notes to the Condensed Consolidated Financial Information

4 SEGMENT INFORMATION (Continued)

The unaudited segment revenue for the period ended 30 June 2015 and the audited segment assets and liabilities as at 31 December 2015:

	Float glass	Automobile glass	Construction glass	Unallocated	Total
Segment revenue	2,828,453	1,897,027	1,206,257	—	5,931,737
Inter-segment revenue	(648,899)	—	—	—	(648,899)
Revenue from					
external customers	2,179,554	1,897,027	1,206,257	—	5,282,838
Cost of sales	(1,989,524)	(1,060,029)	(823,344)	—	(3,872,897)
Gross profit	190,030	836,998	382,913	—	1,409,941
Depreciation of property, plant and equipment (Note 15)	231,820	51,397	64,798	130	348,145
Amortisation					
– leasehold land and land use rights (Note 15)	9,077	2,564	2,686	—	14,327
– intangible assets (Note 15)	597	1,107	—	—	1,704
Reversal for impairment of trade and other receivables, net (Note 15)	—	(1,219)	(5,543)	—	(6,762)
Total assets	10,292,822	3,321,024	2,870,068	4,937,739	21,421,653
Total assets included:					
Investments in associates	—	—	—	2,534,651	2,534,651
Loans to associates	—	—	—	36,871	36,871
Additions to non-current assets (other than available-for-sale financial assets and deferred income tax assets)	1,258,485	169,416	92,637	208,319	1,728,857
Total liabilities	1,139,218	1,109,456	307,804	6,139,468	8,695,946

Notes to the Condensed Consolidated Financial Information

4 SEGMENT INFORMATION (Continued)

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

	Unaudited For the six months ended 30 June	
	2016	2015
Segment gross profit	2,041,389	1,409,941
Unallocated:		
Other income	103,993	112,436
Other gains - net	42,873	174,573
Selling and marketing costs	(351,287)	(312,067)
Administrative expenses	(533,369)	(440,672)
Finance income	16,022	25,793
Finance costs	(60,255)	(46,142)
Share of profits of associates	312,425	160,681
Profit before income tax	<u>1,571,791</u>	<u>1,084,543</u>

Notes to the Condensed Consolidated Financial Information

4 SEGMENT INFORMATION (Continued)

Reportable segments assets/(liabilities) for the period ended 30 June 2016 and the year ended 31 December 2015 are reconciled to total assets/(liabilities) as follows:

	Assets		Liabilities	
	2016 (Unaudited)	2015 (Audited)	2016 (Unaudited)	2015 (Audited)
Segment assets/(liabilities)	16,914,129	16,483,914	(2,394,850)	(2,556,478)
Unallocated:				
Leasehold land and land use rights	140,438	129,271	—	—
Property, plant and equipment	1,053,869	1,107,537	—	—
Investment properties	408,415	383,059	—	—
Deposits for property, plant and equipment and land use rights	100,569	7,764	—	—
Investments in associates	3,333,381	2,534,651	—	—
Balances with associates	31,318	36,871	—	—
Available-for-sale financial assets	65,642	84,924	—	—
Prepayments, deposits and other receivables	373,437	229,667	—	—
Cash and bank balances	882,348	423,995	—	—
Other payables	—	—	(307,974)	(154,007)
Dividend payables	—	—	(659,753)	—
Current income tax liabilities	—	—	(128,710)	(92,818)
Deferred income tax liabilities	—	—	(159,045)	(159,407)
Bank and other borrowings	—	—	(6,612,285)	(5,733,236)
Total assets/(liabilities)	<u>23,303,546</u>	<u>21,421,653</u>	<u>(10,262,617)</u>	<u>(8,695,946)</u>

Notes to the Condensed Consolidated Financial Information

4 SEGMENT INFORMATION (Continued)

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

	Unaudited For the six months ended 30 June	
	2016	2015
Sales of float glass	2,674,958	2,179,554
Sales of automobile glass	1,990,239	1,897,027
Sales of construction glass	<u>1,219,845</u>	<u>1,206,257</u>
Total	<u>5,885,042</u>	<u>5,282,838</u>

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

	Unaudited For the six months ended 30 June	
	2016	2015
Greater China	4,060,655	3,587,979
North America	766,039	631,805
Europe	176,120	186,864
Other countries	<u>882,228</u>	<u>876,190</u>
Total	<u>5,885,042</u>	<u>5,282,838</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 2016 (Unaudited)	31 December 2015 (Audited)
Greater China	16,993,898	16,298,521
North America	6,842	6,392
Malaysia	250,615	120,589
Other countries	63	65
	<u>17,251,418</u>	<u>16,425,567</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 2016 (Unaudited)	31 December 2015 (Audited)
As at 1 January	1,206,069	1,287,340
Currency translation differences	(10,739)	(74,922)
Addition	13,876	22,385
Amortisation of prepaid operating lease payment	(14,016)	(28,734)
As at 30 June/31 December	<u>1,195,190</u>	<u>1,206,069</u>

Notes to the Condensed Consolidated Financial Information

6 PROPERTY, PLANT AND EQUIPMENT

	Construction in progress	Buildings	Plant and machinery	Office equipment	Total
Opening net book amount					
as at 1 January 2016	817,740	2,760,260	8,374,148	18,867	11,971,015
Currency translation					
differences	(3,679)	(23,676)	(77,137)	(311)	(104,803)
Additions	367,234	60,006	66,690	3,504	497,434
Transfer upon completion	(298,664)	98,882	199,406	376	—
Disposals	—	—	(9,602)	(34)	(9,636)
Depreciation	—	(63,493)	(355,271)	(4,702)	(423,466)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Closing net book amount					
as at 30 June 2016	<u>882,631</u>	<u>2,831,979</u>	<u>8,198,234</u>	<u>17,700</u>	<u>11,930,544</u>

7 INVESTMENT PROPERTIES

	As at	
	30 June 2016 (Unaudited)	31 December 2015 (Audited)
As at 1 January	437,133	549,991
Currency translation differences	(4,026)	(19,837)
Additions	28,884	53,356
Disposal of a subsidiary (Note 24)	—	(255,032)
Fair value gains	—	105,640
Transferred from property, plant and equipment	—	3,015
	<u> </u>	<u> </u>
As at 30 June/31 December	<u>461,991</u>	<u>437,133</u>

At the period end of 30 June 2016, the Group has three investment properties in the PRC.

Notes to the Condensed Consolidated Financial Information

7 INVESTMENT PROPERTIES (Continued)

The Group's investment properties were valued at 31 December 2015 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 30 June 2016 Level 3	As at 31 December 2015 Level 3
Fair value hierarchy:		
– Commercial building under Construction - Xiamen, the PRC	408,415	383,059
– Commercial building - Shenzhen, the PRC	50,589	51,059
At Cost	459,004	434,118
– Commercial building – Shenzhen, the PRC	2,987	3,015
	461,991	437,113

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 2016 (Unaudited)	31 December 2015 (Audited)
At 1 January	2,534,651	2,242,739
Currency translation differences	(144)	(900)
Capital injection	617,859	—
Gain on dilution of share in an associate	—	228,000
Disposal of interest in an associate	—	(4,957)
Share of profits of associates	312,425	317,251
Dividend received/receivable	(93,352)	(129,413)
Share of other comprehensive income	(38,058)	(118,069)
	<u>3,333,381</u>	<u>2,534,651</u>
At 30 June/31 December		

Notes to the Condensed Consolidated Financial Information

9 TRADE AND OTHER RECEIVABLES

	As at	
	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Trade receivables (note (a))	1,213,199	1,153,149
Less: provision for impairment of trade receivables	<u>(20,895)</u>	<u>(17,205)</u>
	1,192,304	1,135,944
Bills receivables (note (b))	<u>427,851</u>	<u>475,353</u>
Trade and bills receivables — net	1,620,155	1,611,297
Prepayments, deposits and other receivables	<u>1,085,870</u>	<u>942,400</u>
	<u>2,706,025</u>	<u>2,553,697</u>
Less non-current portion		
Prepayments for property, plant, equipment and land use rights	<u>(228,440)</u>	<u>(172,445)</u>
Current portion	<u>2,477,585</u>	<u>2,381,252</u>

Notes to the Condensed Consolidated Financial Information

9 TRADE AND OTHER RECEIVABLES (Continued)

Notes:

- (a) The credit period granted by the Group to its customers is generally from 30 to 90 days. At 30 June 2016 and 31 December 2015 the ageing analysis of the Group's trade receivables was as follows:

	As at	
	30 June 2016 (Unaudited)	31 December 2015 (Audited)
0-90 days	851,244	871,299
91-180 days	210,252	183,290
181-365 days	105,071	70,259
1-2 years	32,673	12,832
Over 2 years	13,959	15,469
	<u>1,213,199</u>	<u>1,153,149</u>

- (b) The maturities of bills receivables are 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 2016 (Unaudited)	31 December 2015 (Audited)
Cash and bank balances and pledged bank deposits	2,091,639	1,299,674
Less:		
– Pledged bank deposits (note)	(1,422)	(1,419)
Cash and bank balances	<u>2,090,217</u>	<u>1,298,255</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 of Shares	Ordinary shares of HK\$0.1 each	Share premium	Total
Authorised:					
As at 31 December 2015					
and 30 June 2016		20,000,000,000	2,000,000	—	2,000,000
Issued and fully paid:					
As at 1 January 2016		3,921,831,699	392,183	2,824,975	3,217,158
Issues of Shares under an employees’ share option scheme	(a)	19,110,000	1,911	106,984	108,895
Repurchases and cancellation of shares	(b)	(60,038,000)	(6,004)	(258,534)	(264,538)
Dividend relating to 2015		—	—	(659,753)	(659,753)
As at 30 June 2016		3,880,903,699	388,090	2,013,672	2,401,762

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			
	2016		2015	
	Average exercise price in HK dollar per Share	Options (thousands)	Average exercise price in HK dollar per Share	Options (thousands)
At 1 January	5.35	94,112	5.80	89,008
Granted	4.81	28,500	4.55	28,000
Exercised	4.34	(19,110)	4.34	(224)
Lapsed	5.60	(6,339)	5.13	(3,096)
Expired	4.32	(222)	6.44	(17,152)
At 30 June	<u>5.37</u>	<u>96,941</u>	<u>5.35</u>	<u>96,536</u>

Out of the 96,941,000 outstanding options, 20,149,000 options were exercisable as at 30 June 2016. Options exercised in 2016 resulted in 19,110,000 Shares being issued at a weighted average price at the time of exercise of HK\$4.34 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 2017	5.55	20,149
31 March 2018	6.84	22,740
31 March 2019	4.55	25,552
31 March 2020	4.81	28,500
		<u>96,941</u>

Notes to the Condensed Consolidated Financial Information

11 SHARE CAPITAL (Continued)

Notes: (Continued)

(a) (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	16 March 2016
Option valued	HK\$0.9175
Share price at the date of grant	HK\$4.81
Exercisable price	HK\$4.81
Expected volatility	36.9930%
Annual risk-free interest rate	0.9995%
Life of option	3 years and 6 months
Dividend yield	4.6321%

(b) During the period ended 30 June 2016, 60,038,000 Shares repurchased by the Company were cancelled in 2016. 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 Shares of HK\$0.10 each	Highest price per Share HK\$	Lowest price per Share HK\$	Aggregate consideration paid HK\$'000
January 2016	60,038,000	4.65	3.99	264,538

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	Convertible bonds equity reserve	Available-for-sale reserve	Subtotal	Retained earnings	Total
Balance at 1 January 2016	925,080	46,867	(55,210)	11,840	68,885	37,227	11,340	13,341	1,409	1,060,759	8,440,549	9,501,308
Profit for the period	—	—	—	—	—	—	—	—	—	—	1,369,172	1,369,172
Change in value of available-for-sale financial assets	—	—	—	—	—	—	—	—	(19,277)	(19,277)	—	(19,277)
Currency translation differences	—	—	(173,252)	—	—	—	—	—	—	(173,252)	—	(173,252)
Share of the other comprehensive income of investments accounted for using the equity method	—	—	—	—	—	—	—	—	—	—	—	—
Employees' share option scheme:	—	—	(38,058)	—	—	—	—	—	—	(38,058)	—	(38,058)
– Proceeds from shares issued	—	—	—	—	(26,671)	—	—	—	—	(26,671)	—	(26,671)
– Value of employee services	—	—	—	—	17,722	—	—	—	—	17,722	—	17,722
– Release on forfeiture of share options	—	—	—	—	(310)	—	—	—	—	(310)	310	—
Repurchase and cancellation of shares	—	—	—	—	—	—	6,004	—	—	6,004	(6,004)	—
Balance at 30 June 2016	925,080	46,867	(266,520)	11,840	59,606	37,227	17,344	13,341	(17,868)	826,917	9,803,977	10,630,894

Notes to the Condensed Consolidated Financial Information

13 TRADE AND OTHER PAYABLES

	As at	
	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Trade payables (note (a))	763,977	739,943
Bill payables (note (b))	<u>312,609</u>	<u>225,740</u>
	1,076,586	965,683
Other payables	1,819,635	1,209,886
Less: non-current portion: Other payables	<u>(33,808)</u>	<u>(63,104)</u>
Current portion	<u><u>2,862,413</u></u>	<u><u>2,112,465</u></u>

Notes:

- (a) At 30 June 2016 and 31 December 2015, the ageing analysis of the trade payables was as follows:

	As at	
	30 June 2016 (Unaudited)	31 December 2015 (Audited)
0-90 days	688,749	701,454
91-180 days	24,234	22,455
181-365 days	27,437	6,441
1-2 years	15,222	3,029
Over 2 years	<u>8,335</u>	<u>6,564</u>
	<u><u>763,977</u></u>	<u><u>739,943</u></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 2016 (Unaudited)	31 December 2015 (Audited)
Non-current		
Bank borrowings, guaranteed (note (a))	5,783,983	4,785,656
Less: Current portion	(2,158,090)	(1,980,916)
	<u>3,625,893</u>	<u>2,804,740</u>
Convertible bonds liability component (note (b))	—	709,513
Shown as non-current liabilities	<u>3,625,893</u>	<u>3,514,253</u>
Current		
Bank borrowings, guaranteed (note (a))	300,000	533,099
Current portion of non-current bank borrowings	2,158,090	1,980,916
Convertible bonds liability component (note (b))	726,635	—
Shown as current liabilities	<u>3,184,725</u>	<u>2,514,015</u>
Total bank and other borrowings	<u>6,810,618</u>	<u>6,028,268</u>

Notes to the Condensed Consolidated Financial Information

14 BANK AND OTHER BORROWINGS (Continued)

Notes:

- (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 2016 and 31 December 2015, the Group's bank borrowing were repayable as follows:

	As at	
	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Within 1 year	2,458,090	2,514,015
Between 1 and 2 years	2,354,061	2,003,502
Between 2 and 5 years	1,271,832	801,238
	<u>6,083,983</u>	<u>5,318,755</u>

At 30 June 2016 and 31 December 2015, the carrying amounts of the Group's bank borrowings are denominated in the following currencies:

	As at	
	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Hong Kong dollar	6,083,983	5,065,656
US dollar	—	253,099
	<u>6,083,983</u>	<u>5,318,755</u>

The carrying amounts of bank borrowings approximate their fair values as at 30 June 2016 and 31 December 2015.

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

	30 June 2016		31 December 2015	
	HK\$	US\$	HK\$	US\$
Bank borrowings	<u>1.81%</u>	<u>2.02%</u>	<u>1.96%</u>	<u>1.66%</u>

Notes to the Condensed Consolidated Financial Information

14 BANK AND OTHER BORROWINGS (Continued)

Notes: (Continued)

- (b) The Group issued zero coupon convertible bonds at a total principal value of HK\$776,000,000 on 3 May 2012. The mature date of the bonds is on the fifth anniversary of the issue date at 121.95% of their principal amount on maturity date. The bonds can be converted into Shares of the Company at the bondholder's option at conversion price of HK\$6.0 per Share, subject to adjustment. The initial fair value of the liability component of HK\$759,000,000 and the equity conversion component of HK\$17,000,000, net of transaction cost of HK\$14,125,000 and HK\$317,000 respectively, were determined at the issuance of the bonds. The fair value of the liability component included in bank and other borrowings was calculated using a market interest rate for equivalent non-convertible bonds. The residual amount, representing the value of the equity conversion component, is included in convertible bonds equity reserve under shareholders' equity.

On 12 December 2013, the Spin-off involved a distribution of certain shares of Xinyi Solar by way of special dividend and it resulted in an adjustment to the conversion price from HK\$6.0 to HK\$5.7 per Share.

The Group repurchased a total principal value of HK\$156,000,000 of the convertible bonds on 15 August 2014 with the repurchase price of HK\$170,040,000. The repurchase convertible bonds were cancelled upon completion.

At 30 June 2016, the Group's convertible bonds were repayable within 1 year.

The convertible bonds recognised in the consolidated balance sheet are calculated as follows:

	As at	
	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Liability component at 1 January	709,513	676,346
Interest expense (Note 17)	17,122	33,167
Liability component at 30 June/31 December	<u>726,635</u>	<u>709,513</u>

The fair value of the liability component of the convertible bonds at 30 June 2016 approximates same as 31 December 2015.

Notes to the Condensed Consolidated Financial Information

15 EXPENSES BY NATURE

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

	Unaudited For the six months ended 30 June	
	2016	2015
Depreciation and amortisation	404,255	364,176
Employee benefit expenses	537,933	500,279
Cost of inventories	2,726,665	2,845,295
Other selling expenses (including transportation and advertising costs)	192,330	187,181
Operating lease payments in respect of land and buildings	4,885	3,675
Provision for/(Reversal of provision for) impairment of trade and other receivables, net	7,313	(6,762)
Other expenses, net	<u>854,928</u>	<u>731,792</u>
Total cost of sales, selling and marketing costs and administrative expenses	<u>4,728,309</u>	<u>4,625,636</u>

Notes to the Condensed Consolidated Financial Information

16 OTHER GAINS – NET

	Unaudited For the six months ended 30 June	
	2016	2015
Realised gains on trading securities, net	—	3,039
Other foreign exchange gains/(losses), net	21,883	16,250
Losses on disposal and written-off of property, plant and equipment, net	(1,696)	(4,553)
Gain on disposal of a subsidiary (Note 24)	—	12,346
Gain on dilution of share on an associates (Note 8)	—	143,899
Others	22,686	3,592
	<u>42,873</u>	<u>174,573</u>

Notes to the Condensed Consolidated Financial Information

17 FINANCE INCOME AND FINANCE COSTS

FINANCE INCOME

	Unaudited For the six months ended 30 June	
	2016	2015
Interest income on short-term bank deposits	<u>16,022</u>	<u>25,793</u>

FINANCE COSTS

	Unaudited For the six months ended 30 June	
	2016	2015
Interest on bank borrowings	58,046	56,085
Less: interest expenses capitalised under construction in progress	(14,913)	(26,264)
Interest on convertible bonds	<u>17,122</u>	<u>16,321</u>
	<u>60,255</u>	<u>46,142</u>

Notes to the Condensed Consolidated Financial Information

18 INCOME TAX EXPENSE

	Unaudited For the six months ended 30 June	
	2016	2015
Current income tax		
– Hong Kong profits tax (Note a)	25,467	35,473
– PRC corporate income tax (Note b)	176,409	101,432
– Overseas income tax (Note c)	423	1,258
	<hr/>	<hr/>
	202,299	138,163
	<hr/>	<hr/>

Notes:

(a) Hong Kong profits tax

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 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 and Jiangmen are 25% (2015: 25%). Twelve (2015: eleven) major subsidiaries in Shenzhen, Dongguan, Wuhu, Tianjin, 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 2016 and 2015 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 30 June	
	2016	2015
Final dividend payable for 2015 of 17.0 HK cents (2014: 6.0 HK cents) per Share	659,753	235,296
Proposed interim dividend of 17.0 HK cents (2015: 9.5 HK cents) per Share	659,829	372,574
	<u>1,319,582</u>	<u>607,870</u>

Note:

At a meeting of the Board held on 2 August 2016, the Directors declared an interim dividend of 17.0 HK cents per Share for the six months ended 30 June 2016. The amount of 2016 proposed interim dividend is based on 3,881,348,699 shares in issue as at 29 July 2016.

This interim dividend is not reflected as a dividend payable in this unaudited condensed consolidated financial information, but will be deducted from the share premium account of the Company as at 30 June 2016.

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 For the six months ended 30 June	
	2016	2015
Profit attributable to equity holders of the Company (HK\$'000)	1,369,122	944,876
Weighted average number of Shares in issue (thousands)	3,875,333	3,921,426
Basic earnings per Share (HK cents per Share)	35.33	24.10

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 2016 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 For the six months ended 30 June	
	2016	2015
Earnings		
Profit attributable to equity holders of the Company (HK\$'000)	1,369,122	944,876
Interest expense on convertible bonds (net of tax) (HK\$'000)	14,297	—
Share of profit of an associate as a result of diluted earnings at associate level (HK\$'000)	(180)	—
	<u>1,383,239</u>	<u>944,876</u>
Weighted average number of Shares in issue (thousands)	3,875,333	3,921,426
Adjustments for:		
Share options (thousands)	—	149
Assumed conversion of convertible bonds (thousands) (Note)	54,386	—
	<u>3,929,719</u>	<u>3,921,575</u>
Weighted average number of Shares for diluted earnings per Share (thousands)		
Diluted earnings per Share (HK cents per Share)	<u>35.20</u>	<u>24.09</u>

Note: The calculation of diluted earnings per Share does not assume the conversion of convertible bonds to ordinary shares for the period ended 30 June 2015, as such conversion would have an anti-diluted effect on earnings per Share.

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 2016 and 31 December 2015.

	Level 1	Level 2	Level 3	Total
At 30 June 2016				
Assets				
Available-for-sale financial assets				
– Equity securities	<u>65,059</u>	<u>—</u>	<u>583</u>	<u>65,642</u>
	Level 1	Level 2	Level 3	Total
At 31 December 2015				
Assets				
Available-for-sale financial assets				
– Equity securities	<u>84,336</u>	<u>—</u>	<u>588</u>	<u>84,924</u>

21 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(Continued)

FAIR VALUE ESTIMATION (Continued)

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. Instruments included in level 1 at 30 June 2016 comprised available-for-sale financial assets.

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.

Notes to the Condensed Consolidated Financial Information

21 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(Continued)

FAIR VALUE ESTIMATION (Continued)

The following table presents the changes in level 3 instruments for the period ended 30 June 2016.

	(Unaudited)
Available-for-sale financial assets	
At 1 January 2016 and 31 December 2015	588
Currency translation differences	(5)
	<hr/>
At 30 June 2016	<u>583</u>

During six months ended 30 June 2016, there were no transfer between Level 1 and Level 2, or transfer into or out of Level 3 (2015: Nil). The group's policy is to recognize 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 2016 (Unaudited)	31 December 2015 (Audited)
Property, plant and equipment		
– Contracted but not provided for	<u>715,313</u>	<u>467,381</u>

Notes to the Condensed Consolidated Financial Information

23 RELATED PARTY TRANSACTION

The following transactions were carried out with related parties:

(A) PURCHASE OF GOODS FROM ASSOCIATES AND SALES OF GOODS TO ASSOCIATES

	Unaudited For the six months ended 30 June	
	2016	2015
Purchases of goods from associates		
– Tianjin Wuqing District Xinke Natural Gas Investment Company Limited	23,855	145,804
– Beihai Yiyang Mineral Company Limited	62,939	63,711
– Dongyuan County Xinhuali Quartz Sand Company Limited	19,884	8,142
– Maoming City Yindi Construction Material Company Limited	—	15,417
– A subsidiary of Xinyi Solar	884	—
	<hr/>	<hr/>
Sales of goods to associates		
– A subsidiary of Xinyi Solar	60,798	18,737
	<hr/>	<hr/>
Sales of machineries to an associate		
– A subsidiary of Xinyi Solar	13,836	—
	<hr/>	<hr/>
Consultancy income received from an associate		
– A subsidiary of Xinyi Solar	279	—
	<hr/>	<hr/>
Rental income received from an associate		
– A subsidiary of Xinyi Solar	2,912	2,717
	<hr/>	<hr/>
Rental expenses paid to an associate		
– A subsidiary of Xinyi Solar	547	575
	<hr/>	<hr/>
Transportation fee received from an associate		
– A subsidiary of Xinyi Solar	119,371	—
	<hr/>	<hr/>

Notes to the Condensed Consolidated Financial Information

23 RELATED PARTY TRANSACTION (Continued)

(B) PERIOD/YEAR-END BALANCES WITH ASSOCIATES

	As at	
	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Balance with/loan advance to associates		
– Beihai Yiyang Mineral Company Limited	—	5,224
– Dongyuan County Xinhuali Quartz Sand Company Limited	<u>31,318</u>	<u>31,647</u>
	31,318	36,871
Receivable from associates arising from sales of machineries		
– A subsidiary of Xinyi Solar	17,773	4,272
Receivable from associates arising from provision of consultancy services		
– A subsidiary of Xinyi Solar	<u>76</u>	<u>—</u>

(C) KEY MANAGEMENT COMPENSATION

Key management compensation amounted to HK\$24,805,000 for the six months ended 30 June 2016 (2015: HK\$23,851,000).

Notes to the Condensed Consolidated Financial Information

24 DISPOSAL OF A SUBSIDIARY

On 30 June 2015, the Company completed the transaction of disposal 100% shareholding of XYG (HK) Limited, a wholly owned subsidiary of the Company.

	30 June 2015 (Unaudited)
Net assets disposed of:	
Investment property	255,032
Prepayments, deposits and other receivables	5,225
Current income tax liabilities	<u>(4,425)</u>
	255,832
Gain on disposal	<u>12,346</u>
Cash consideration	<u>268,178</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 2016 as compared with the six months ended 30 June 2015, the Directors consider that the Group has achieved a remarkable level of profitability. The Directors are pleased to declare an interim dividend of 17.0 HK cents per Share for the six months ended 30 June 2016 (2015: 9.5 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, 19 August 2016. The interim dividend is payable on or before Tuesday, 6 September 2016.

The Company’s register of members will be closed from Wednesday, 17 August 2016 to Friday, 19 August 2016 (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, 16 August 2016.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company repurchased its own Shares on the Stock Exchange in January 2016. The repurchased Shares were subsequently cancelled in the same month. Accordingly, the issue share capital of the Company was reduced by the nominal value of these 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 cancelled was transferred from the Company’s retained earnings to the capital redemption reserve. The table below sets forth further information of such repurchase:

Month of repurchase	Number of Shares of HK\$0.10 each	Highest price per Share <i>HK\$</i>	Lowest price per Share <i>HK\$</i>	Aggregate consideration paid <i>HK\$’000</i>
January 2016	60,038,000	4.65	3.99	264,538

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 under review.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

In the opinion of the Directors, the Company complied with the applicable code provisions of the 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 2016.

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 enquiry with the Directors and all Directors have confirmed that they complied with the Model Code throughout the six-month period ended 30 June 2016.

REVIEW OF THE INTERIM RESULTS

The Company’s interim results for the six months ended 30 June 2016 have not been audited but have been reviewed by the Company’s audit committee, comprising the five independent non-executive Directors.

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

As of 30 June 2016, 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
Datuk LEE Yin Yee, B.B.S.	Interest of a controlled corporation (<i>Note a</i>)	725,209,552	18.69%
	Interest of a controlled corporation (<i>Note m</i>)	29,574,000	0.76%
	Personal interest (<i>Note b</i>)	85,434,000	2.20%
Mr. TUNG Ching Bor	Interest of a controlled corporation (<i>Note c</i>)	266,766,456	6.87%
	Interest of a controlled corporation (<i>Note m</i>)	29,574,000	0.76%
	Personal interest (<i>Note d</i>)	27,600,000	0.71%
Mr. TUNG Ching Sai	Interest of a controlled corporation (<i>Note e</i>)	246,932,579	6.36%
	Interest of a controlled corporation (<i>Note m</i>)	29,574,000	0.76%
	Personal interest	2,908,000	0.07%
	Personal interest (<i>Note f</i>)	95,798,000	2.47%
Mr. LI Ching Wai	Interest of a controlled corporation (<i>Note g</i>)	116,580,868	3.00%
	Interest of a controlled corporation (<i>Note m</i>)	29,574,000	0.76%

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 (<i>Note h</i>)	77,853,912	2.01%
	Interest of a controlled corporation (<i>Note m</i>)	29,574,000	0.76%
	Personal interest	2,600,000	0.07%
Mr. SZE Nang Sze	Interest of a controlled corporation (<i>Note i</i>)	105,630,781	2.72%
	Interest of a controlled corporation (<i>Note m</i>)	29,574,000	0.76%
Mr. LI Ching Leung	Interest of a controlled corporation (<i>Note j</i>)	77,853,911	2.01%
	Interest of a controlled corporation (<i>Note m</i>)	29,574,000	0.76%
	Personal interest	3,450,000	0.09%
	Personal interest (<i>Note k</i>)	400,000	0.01%
Mr. TRAN Chuen Wah, John	Personal interest (<i>Note l</i>)	180,000	0.01%

Notes:

- (a) Datuk 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 Datuk LEE Yin Yee.
- (b) Datuk 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.

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)

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)	Datuk 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)	Datuk 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%

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 (Continued)

Notes:

- (p) Realbest is wholly-owned by Datuk 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 Datuk 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 2016, 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.

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

As of 30 June 2016, 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	18.69%
High Park	266,766,456	Registered and beneficial owner	6.87%
Copark	246,932,579	Registered and beneficial owner	6.36%
Telerich Investment Limited (Note)	251,595,089	Registered and beneficial owner	6.48%

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

Corporate Information

EXECUTIVE DIRECTORS

Datuk 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
Mr. 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
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

3rd Floor, Harbour View 2,
16 Science Park East Avenue
HK Science Park, Phase 2, Pak Shek Kok
Tai Po, New Territories
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

Australia and New Zealand Bank
Bank of China (Hong Kong)
Bank of East Asia
Citibank, N.A.
CTBC Bank (Hong Kong)
DBS Bank
Deutsche Bank
Fubon Bank (Hong Kong)
Hang Seng Bank
HSBC
Maybank Hong Kong
Nanyang Commercial Bank
Standard Chartered Bank
Sumitomo Mitsui Banking Corporation
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

Appleby Corporate Services (Cayman)
Limited
P. O. Box 1350 GT, Clifton House
75 Fort Street
George Town, Grand Cayman
Cayman Islands

WEBSITE

<http://www.xinyiglass.com>

Corporate Information

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:

3,881,348,699 Shares

Share price as of the date of this
interim report: HK\$6.05

Market capitalisation as of the
date of this interim report:

Approximately HK\$23.48 billion

KEY DATES

Closure of register of members:

17 August 2016 to 19 August 2016
(both days inclusive)

Proposed interim dividend payable date:

On or before 6 September 2016