



**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)



*2013*  
INTERIM REPORT

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## Financial Highlights

	Six months ended 30 June	Year ended 31 December	
(in HK\$'000)	2013 (Unaudited)	2012 (Unaudited)	2012 (Audited)
Turnover	5,438,995	4,592,724	9,785,209
Profit before income tax	1,200,741	561,198	1,397,533
Profit attributable to Company's equity holders	1,003,652	476,859	1,188,142
Dividends	491,783	226,560	567,260
Equity attributable to Company's equity holders	10,722,497	9,097,971	9,941,899
(number of ordinary shares ("Share") in '000)			
Weighted average number of Shares in issue	3,790,421	3,712,647	3,745,763
(in Hong Kong cents)			
Earnings per Share - basic	26.48	12.84	31.72
Earnings per Share - diluted	26.32	12.76	31.40
Dividends per Share	13.0	6.0	15.0
Equity attributable to Company's equity holders per Share	282.88	245.05	265.42

## Chairman's Statement

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 2013.

In comparison with the same period in 2012, turnover of the Group increased by approximately 18.4% to approximately HK\$5,439.0 million during the six months ended 30 June 2013. The net profit attributable to equity holders of the Company for the review period increased by approximately 110.5%, to approximately HK\$1,003.7 million. Basic earnings per Share were 26.48 HK cents, as compared with 12.84 HK cents for the same period in 2012.

The Board considers that the Group has achieved a reasonable profitability under a volatile market environment. Hence, the Board is pleased to declare an interim dividend of 13.0 HK cents per Share.

I present below an overview of the business of the Group for the six months ended 30 June 2013 and key development highlights for the coming half year.

### OPPORTUNITES IN THE RECOVERING GLASS MARKET

During the six months ended 30 June 2013, even though the economy in the PRC grew slowly, the operating results of the four business segments of the Group significantly improved. The PRC domestic sales of the Group recorded a strong growth. Following the industry consolidation in the slow season for float glass industry in the first quarter in 2013, the demand has increased and the average selling prices of high quality float glass products have rebounded since the second quarter of 2013. The float glass business segment enjoyed a solid increase in sales volume during the six months ended 30 June 2013 principally due to the additional production capacity at the Tianjin production complex of the Group and the generally accepted and diversified product offerings of the Group.

In the construction glass segment, the sales of the Group also recorded a rapid growth due to the increasing demand for energy-saving Low-E glass in the PRC's construction industry. The related production capacity in Wuhu and Tianjin also increased.

Although the European debt crisis slowed down the recovery of the European economies and there is an ongoing anti-dumping investigation initiated by European Union against the PRC solar module and solar glass manufacturers, the global demand for solar products has sustained an average annual growth of more than 10% in the last few years. The demand for solar products in the PRC, Japan and North America has significantly increased. The Group's solar glass business segment enjoyed a significant increase in the sales volume during the six months ended 30 June 2013, after the industry consolidation in 2012. The PRC continues to be the world's largest manufacturing base for solar glass with 90% of the global solar glass produced in PRC.

We implemented flexible and proactive marketing strategies for our automobile glass business to penetrate new overseas markets for the purpose of increasing the sales volume. Currently, the Group sells its automobile glass products to more than 130 countries.

As a leader in the global glass industry, the Group strengthened its market-leading position and enhanced the benefits obtained from the economies of scale through strategic and timely expansion of the production capacity and construction of new production complexes with more efficient production process. The Group also implemented a series of enhanced control measures on consumption and recycling of the principal raw materials, and the Group also adjusted the production schedules to reduce excessive inventory. To help boost sales, the Group has successfully developed and launched a wide range of high value-added glass products and adopted aggressive pricing and marketing policies to take advantage of the supportive measures implemented under the Twelfth Five-Year Plan of the PRC government.

All of these factors lead to the 18.4% increase in the revenue of the Group to HK\$5,439.0 million for the six months ended 30 June 2013, as compared with the revenue of HK\$4,592.7 million for the corresponding period in 2012.

### **BETTER PRODUCTIVITY, TECHNOLOGY AND ECONOMIES OF SCALE TO MITIGATE COST PRESSURES**

The Group's solid experience in operational management, combined with the continuous improvements in the production process, have enhanced its productivity and yield, which in turn reduced the overall production and energy costs during the six months ended 30 June 2013. The Group's economies of scale enable significant savings in production and fixed costs and increased efficiency in fuel consumption. To further control costs, the Group is using environmentally-friendly and clean energy, such as rooftop solar power systems and low-temperature recycling residual heat power co-generation systems. These measures have reduced the cost impact of the recent PRC natural gas price reforms (excluding Guangdong Province where users import LNG) and other potential cost pressures on the gross margin of the Group in the future.

Since the end of 2011, all of the Group's high-quality float glass and solar glass production lines have been using natural gas as the fuel. This reduces the carbon emission levels and improves the energy cost structure of the Group.

### **HIGH VALUE-ADDED DIVERSIFIED PRODUCT MIX ENHANCES THE OVERALL COMPETITIVENESS**

For the six months ended 30 June 2013, the revenue generated from the Group's automobile glass, construction glass, high-quality float glass, and solar glass businesses achieved a strong growth. This performance demonstrates that the Group's diversified businesses and high value-added product mix can reduce the operational pressure in individual business segments. The new "ultra-thin electronics glass" products scheduled to be launched in the third quarter of 2013 is expected to be another future growth drivers for the Group.

Meanwhile the Group's strategic expansion plan for its production complexes in the five major advanced economic zones in China — the Pearl River Delta, the Yangtze River Delta, the Bohai Economic Rim, Northeastern and Southwestern China — is in progress. This expansion strategy is expected to further enhance the Group's leading position and overall competitiveness to cope with the challenges ahead.

### INCREASING PRODUCTION CAPACITIES TO CAPTURE THE NEW PRC MARKET TREND

The Board is optimistic about the prospects of the glass market in the PRC. The Group plans to increase the production capacity of the automobile glass production facilities by 14.3% from 12.6 million pieces to 14.4 million pieces while the production capacity of Low-E construction glass will be increased by 8.1% to 20.0 million sq. m. in 2013.

The float glass production capacity is expected to increase from 3,362,000 daily melting tonnes to 3,583,000 daily melting tonnes towards the end of 2013. The production capacity of the solar glass is expected to increase from 548,000 daily melting tonnes to 684,000 daily melting tonnes by the end of 2013. The Group is also evaluating the business opportunities in the solar-related downstream sectors in China, such as the construction and operation of solar power plants. These initiatives are consistent with the PRC government policies favouring the use of solar energy in China. An estimated capital expenditure of HK\$2.2 billion is planned to be incurred in 2013 subject to further assessment of the commercial viability of the projects and the installation progress of the relevant building and equipment of the relevant projects.

With the successful launch of the new "ultra-thin electronic glass" products in the third quarter of 2013, the second ultra-thin electronic glass production line is planned to be constructed at the Wuhu production complex.

### BUSINESS OUTLOOK

The Group will adopt flexible production arrangements to further improve the operational efficiency for the purpose of maintaining its leadership and competitiveness amongst the world's glass manufacturers.

Volatility in the demand and the selling prices of the float glass products will continue to affect the float glass segment in the near future. Nevertheless, the improved float glass industry environment and the wider applications of the energy-saving Low-E glass will increase the demand for float glass. The Directors are also optimistic on the performance of the automobile glass and the construction glass segments in the future.

## Chairman's Statement

The adverse impact of the European debt crisis is expected to continue. As the European Union is in the process of investigating the anti-dumping allegations against PRC solar module and solar glass manufacturers, the Directors anticipate that the demand for solar glass from the European market will continue to be affected by the investigation in the near future. The global demand for solar products has already shifted to the PRC, Japan and North American markets. Under the Twelfth Five-year Plan, the PRC government is encouraging the use of renewable energy. The PRC government estimates that the solar energy facilities with capacity of 35GW would be installed from 2013 to 2015. The increase in the level of demand for solar facilities will accelerate the demand for solar panels, which are, in turn, expected to stimulate the level of demand and the prices of the solar glass products. With the improvement in the solar glass business in this year, further to the announcement of the Company dated 28 February 2013, the Group plans to spin-off the solar glass business for separate listing on the Stock Exchange. The separate listing may be conducted by way of introduction or initial public offering subject to the capital market conditions and other factors. The Company will issue further announcement in compliance with the disclosure requirement under the Listing Rules as and when appropriate.

The Group intends to increase its resources allocated to the product research and development capability, enhancing the product quality and boosting production efficiency in order to maintain its competitiveness and increasing its profit margin.

After the successful commercial operation of the first ultra-thin electronic glass production line manufacturing 0.55 mm thickness electronic glass, the Group is planning to build a second production line in Wuhu to capture the demand from the expanding market for electronic touch screen products. This new glass product is expected to become another future growth driver for the Group.



### CONCLUSION

The Group continues to tackle the challenges amidst uncertain economic environment and optimise its efficiency and profit margins through effective management and the continued collaboration of its customers. The Directors believe that this strategy will enable the Group to reap the benefit from the emerging business opportunities. The Directors are optimistic on the Group's business prospects. The Group is also adopting proven business strategies to sustain and strengthen the growth momentum. To maintain its industry-leading position, the Group will continue to expand its presence in the global glass market across a wide spectrum of industries and applications.

I would like to take this opportunity to thank fellow Board members for their continuous and strong support during the review period. I would also like to thank our senior management team and our staff, as well as business partners and customers for their valuable contributions to our success during the period under review.

LEE Yin Yee, M.H.

*Chairman*

Hong Kong, 23 July 2013

# Management Discussion and Analysis

## FINANCIAL REVIEW

The revenue of the Group continued to increase during the six months ended 30 June 2013. The revenue and the net profit of the Group were HK\$5,439.0 million and HK\$1,003.7 million, respectively, representing increases of 18.4% and 110.5%, as compared with HK\$4,592.7 million and HK\$476.9 million, respectively, for the six months ended 30 June 2012.

## REVENUE

The increase in the revenue for the six months ended 30 June 2013 was principally attributable to the strong recovery of the float glass market in China in terms of sales volume and selling prices. The increases were contributed by various factors, such as higher level of demand for float glass in China, the increase in the production capacity of the Group in Tianjin in June and September 2012, and the expansion of the Group's product mix.

The governmental policies in the PRC encouraging environmental protection and energy-saving buildings have spurred a strong demand for the Group's low emission ("Low-E") glass. As a leading Low-E glass manufacturer in China, the Group has benefitted from the favourable market conditions and achieved a significant revenue growth in the construction glass segment.

With the continuous double-digit growth in the global demand in the last few years, the sales volume of solar glass of the Group recorded a significant growth during the six months ended 30 June 2013.

## GROSS PROFIT

The Group's gross profit for the six months ended 30 June 2013 increased significantly by 55.4% to HK\$1,696.1 million as compared with HK\$1,091.3 million for the six months ended 30 June 2012. The significant improvement in the gross margin from 23.8% to 31.2% was principally due to the decreases in the material costs and that the energy costs remained stable during the six months ended 30 June 2013. The Group has also implemented stringent cost control and production efficiency measures to improve the overall gross margin.

### OTHER GAINS

Other gains for the six months ended 30 June 2013 were HK\$249.4 million, as compared with HK\$40.0 million for the six months ended 30 June 2012. This increase was principally attributable to the receipt of new PRC government grants due to new investments made by the Group during the period. The exchange gains and property revaluation gain were also included in the other gains.

### SELLING AND MARKETING EXPENSES

Selling and marketing expenses rose by 33.9% to HK\$306.6 million for the six months ended 30 June 2013. This was principally attributable to the increased spendings on advertisement as a result of increased marketing and promotional activities and the increased local transportation costs due to the increased sales volumes to customers in the PRC.

### FINANCE COSTS

Finance costs increased by 64.7% to HK\$42.5 million for the six months ended 30 June 2013 principally due to the increase in bank borrowings for the Group's capital expenditures on the construction of production facilities and the interest accrued for the convertible bonds issued by the Company in May 2012. Some 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 production complexes, and these expenses were charged to the income statements of the Group following commencement of commercial production of the relevant production facilities. An amount of interest of HK\$15.0 million was capitalised under construction-in-progress for the six months ended 30 June 2013.

### EARNINGS BEFORE INTEREST AND TAXES ("EBIT")

EBIT significantly increased by 112.4% period-to-period to HK\$1,234.9 million for the six months ended 30 June 2013, consistent with the significant increase in net profit of the Group.

# Management Discussion and Analysis

## TAXATION

Tax expense amounted to HK\$197.1 million for the six months ended 30 June 2013. The effective tax rate of the Group was 16.4% as a result of the fact that most of the Group's PRC subsidiaries are qualified as high technology enterprises with 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 2013 was HK\$1,003.7 million, representing an increase of 110.5% as compared with the six months ended 30 June 2012. The net profit margin for the period rose to 18.5% from 10.4% for the six months ended 30 June 2012, principally due to the improvement in the gross profit margin, particularly in float glass and construction glass segments during the period.

## CAPITAL EXPENDITURES

For the six months ended 30 June 2013, the Group incurred an aggregate amount of HK\$1,573.5 million for the purchase of plant and machinery, construction of factory premises and additional float glass production lines at the Group's production complexes in China.

## NET CURRENT ASSETS

As at 30 June 2013, the Group had net current assets of HK\$683.4 million.

## FINANCIAL RESOURCES AND LIQUIDITY

During the six months ended 30 June 2013, the Group's primary source of funding included cash generated from operating activities and credit facilities provided by principal banks in Hong Kong and China. As at 30 June 2013, the net cash inflow from operating activities amounted to approximately HK\$1,145.3 million (2012: HK\$492.8 million) and the Group had cash and cash equivalents of HK\$880.6 million (2012: HK\$936.5 million).

As at 30 June 2013, the total bank borrowings were HK\$4,184.5 million and the value of the convertible bond was HK\$787.8 million. Despite the increase in the liabilities, the net debt gearing ratio, which is based on net total borrowings divided by total shareholders' equity, maintained at 38.1% as at 30 June 2013, as compared with 35.8% as at 31 December 2012. The stable net gearing ratio was principally due to the Group's repayments of bank borrowings during the period.

### **TREASURY POLICIES AND EXPOSURE TO FLUCTUATION IN EXCHANGE RATES**

The Group's transactions are mainly denominated in Renminbi, United States dollars, Euro, Australian dollars, Japanese yen and Hong Kong dollars with principal production activities conducted in China. As of 30 June 2013, the Group's bank borrowings were denominated in United States dollars and Hong Kong dollars bearing interest rates ranging from 1.28% to 2.41% per annum. Hence, the Group's exposure to foreign exchange fluctuations was minimal and did not experience any material difficulties and liquidity problems resulting from currency exchange fluctuation. The Group may use financial instruments for hedging purposes as and when required.

### **EMPLOYEES AND REMUNERATION POLICY**

As of 30 June 2013, the Group had 13,660 full-time employees of whom 13,567 were based in China and 93 were based in Hong Kong, other countries and territories. The Group maintains good relationship with its employees. The Group provides the employees with sufficient training on the latest business of the Group and professional knowledge including applications of the Group's products and skills in maintaining good relationship with customers. Remuneration packages offered to the Group's employees are consistent with the prevailing market terms and reviewed on regular basis. Discretionary bonuses may be awarded to employees taking into consideration both the Group's financial performance and the performance of the individual employee.

## Management Discussion and Analysis

Pursuant to the applicable laws and regulations in China, the Group has participated in relevant defined contribution retirement schemes administered by the responsible Chinese government authorities for the Group's employees in China. As for the Group's employees in Hong Kong, all the arrangements pursuant to the mandatory provident fund requirements prescribed by the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) have been duly implemented.

The Company adopted a share option scheme on 18 January 2005 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 as set forth in the scheme, to accept options to be granted by the Group for subscription for the Shares. Pursuant to the share option scheme, 36,898,000 options, 23,718,000 options, 26,250,000 options and 26,250,000 options were granted on 31 March 2010, 1 March 2011, 23 May 2012 and 2 April 2013, respectively. As of 30 June 2013, a total of 89,364,000 options (comprising 19,958,000 outstanding options, 19,057,000 outstanding options, 23,849,000 outstanding options and 26,500,000 outstanding options from the above four grant of options) were outstanding.

## Condensed Consolidated Balance Sheet

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

		As at	
		30 June 2013	31 December 2012
		(Unaudited)	(Audited)
	Note		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Leasehold land and land use rights	5	1,419,390	1,433,680
Property, plant and equipment	6	11,018,319	10,069,379
Investment properties	7	440,201	53,500
Deposits for property, plant and equipment and land use rights		385,645	202,445
Intangible assets		83,897	85,475
Available-for-sale financial assets		633	625
Interests in associates		68,959	62,981
Loan to an associate		34,051	36,125
		<u>13,451,095</u>	<u>11,944,210</u>
<b>Current assets</b>			
Inventories		1,195,653	1,204,319
Loans to associates		5,359	4,361
Trade and other receivables	8	2,504,533	2,139,764
Trading securities	20	18,327	—
Pledged bank deposits	9	789	882
Cash and bank balances	9	879,850	703,490
		<u>4,604,511</u>	<u>4,052,816</u>
Non-current asset held for sale		<u>68,065</u>	<u>68,065</u>
		<u>4,672,576</u>	<u>4,120,881</u>
<b>Total assets</b>		<u>18,123,671</u>	<u>16,065,091</u>

## Condensed Consolidated Balance Sheet

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

	Note	As at	
		30 June 2013 (Unaudited)	31 December 2012 (Audited)
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity holders of the Company</b>			
Share capital	10	378,295	378,555
Share premium	10	3,465,035	3,520,956
Other reserves	11	2,269,837	2,091,174
Retained earnings			
– Dividend		491,783	340,700
– Others		4,117,547	3,610,514
		<u>10,722,497</u>	<u>9,941,899</u>
Non-controlling interests		3,555	4,174
<b>Total equity</b>		<u>10,726,052</u>	<u>9,946,073</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Bank and other borrowings	13	3,129,965	2,495,578
Deferred income tax liabilities		101,902	101,925
Deferred government grants		176,560	192,862
		<u>3,408,427</u>	<u>2,790,365</u>



## Condensed Consolidated Balance Sheet

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

		As at	
		30 June 2013 (Unaudited)	31 December 2012 (Audited)
	Note		
<b>Current liabilities</b>			
Amounts due to associates		4,710	33
Trade payables, accruals and other payables	12	1,964,932	1,455,207
Current income tax liabilities		177,208	103,439
Bank and other borrowings	13	1,842,342	1,769,974
		<u>3,989,192</u>	<u>3,328,653</u>
<b>Total liabilities</b>		<u>7,397,619</u>	<u>6,119,018</u>
<b>Total equity and liabilities</b>		<u>18,123,671</u>	<u>16,065,091</u>
<b>Net current assets</b>		<u>683,384</u>	<u>792,228</u>
<b>Total assets less current liabilities</b>		<u>14,134,479</u>	<u>12,736,438</u>

## Condensed Consolidated Income Statement

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

		Unaudited Six months ended 30 June	
	Note	2013	2012
Revenue	4	5,438,995	4,592,724
Cost of sales	14	<u>(3,742,890)</u>	<u>(3,501,450)</u>
<b>Gross profit</b>		<b>1,696,105</b>	<b>1,091,274</b>
Other income	4	3,663	3,182
Other gains - net	15	249,444	40,023
Selling and marketing costs	14	<u>(306,643)</u>	<u>(228,931)</u>
Administrative expenses	14	<u>(413,495)</u>	<u>(327,037)</u>
<b>Operating profit</b>		<b>1,229,074</b>	<b>578,511</b>
Finance income	16	8,260	5,551
Finance costs	16	<u>(42,450)</u>	<u>(25,780)</u>
Share of profits of associates		<u>5,857</u>	<u>2,916</u>
<b>Profit before income tax</b>		<b>1,200,741</b>	<b>561,198</b>
Income tax expense	17	<u>(197,071)</u>	<u>(83,800)</u>
<b>Profit for the period</b>		<b>1,003,670</b>	<b>477,398</b>
Attributable to:			
– Equity holders of the Company		1,003,652	476,859
– Non-controlling interests		<u>18</u>	<u>539</u>
		<u>1,003,670</u>	<u>477,398</u>

## Condensed Consolidated Income Statement

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

		Unaudited Six months ended 30 June	
	Note	2013	2012
Interim dividend	18	<u>491,783</u>	<u>226,560</u>
<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	19	<u>26.48</u>	<u>12.84</u>
– Diluted	19	<u>26.32</u>	<u>12.76</u>

## Condensed Consolidated Statement of Comprehensive Income

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

	Unaudited Six months ended 30 June	
	2013	2012
Profit for the period	<u>1,003,670</u>	<u>477,398</u>
Other comprehensive income		
Change in revaluation surplus	24,392	—
Currency translation differences	<u>163,217</u>	<u>(130,592)</u>
Total comprehensive income for the period	<u>1,191,279</u>	<u>346,806</u>
Total comprehensive income for the period attributable to:		
– Equity holders of the Company	1,191,511	346,441
– Non-controlling interests	<u>(232)</u>	<u>365</u>
	<u>1,191,279</u>	<u>346,806</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 2012 and 1 January 2013	378,555	3,520,956	2,091,174	3,951,214	9,941,899	4,174	9,946,073	
	<b>Comprehensive income</b>								
	Profit for the period	—	—	—	1,003,652	1,003,652	18	1,003,670	
	<b>Other comprehensive income</b>								
	Changes in revaluation surplus	—	—	24,392	—	24,392	—	24,392	
	Currency translation differences	—	—	163,467	—	163,467	(250)	163,217	
	<b>Total Comprehensive income</b>	—	—	187,859	1,003,652	1,191,511	(232)	1,191,279	
	<b>Transactions with owners</b>								
	Employees share option scheme:								
	– Proceeds from shares issued	10(a)	2,010	77,041	(21,466)	—	57,585	—	57,585
	– Value of employee services		—	—	7,759	—	7,759	—	7,759
	– Release on forfeiture of share options		—	—	2,241	(2,241)	—	—	—
	Dividends relating to 2012	18	—	—	—	(341,025)	—	(341,025)	
	Dividends paid to non-controlling shareholders		—	—	—	—	(387)	(387)	
	Repurchase and cancellation of shares	10(b)	(2,270)	(132,962)	2,270	(2,270)	(135,232)	—	(135,232)
	<b>Total transactions with owners</b>		(260)	(55,921)	(9,196)	(345,536)	(410,913)	(387)	(411,300)
	<b>Balance at 30 June 2013</b>	<b>378,295</b>	<b>3,465,035</b>	<b>2,269,837</b>	<b>4,609,330</b>	<b>10,722,497</b>	<b>3,555</b>	<b>10,726,052</b>	

## 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 2011 and 1 January 2012</b>	368,332	3,088,388	1,787,208	3,263,621	8,507,549	17,708	8,525,257
Change in accounting policy – Adoption of HKAS 12 amendment	—	—	—	5,048	5,048	—	5,048
<b>Balance at 1 January 2012, as restated</b>	368,332	3,088,388	1,787,208	3,268,669	8,512,597	17,708	8,530,305
<b>Comprehensive income</b>							
Profit for the period	—	—	—	476,859	476,859	365	477,224
<b>Other comprehensive income</b>							
Currency translation differences	—	—	(130,418)	—	(130,418)	—	(130,418)
<b>Total comprehensive income for the period</b>	—	—	(130,418)	476,859	346,441	365	346,806
<b>Transactions with owners</b>							
Employees share option scheme:							
– Proceeds from shares issued	497	12,094	(3,097)	—	9,494	—	9,494
– Value of employee services	—	—	19,137	—	19,137	—	19,137
– Release on forfeiture of share options	—	—	(5,966)	5,966	—	—	—
Issuance of new shares	10 (c)	8,273	373,876	—	382,149	—	382,149
Dividends paid to non-controlling shareholders	—	—	—	—	—	(50)	(50)
Dividends relating to 2011	18	—	—	(188,530)	(188,530)	—	(188,530)
Convertible bonds - equity component	13(b)	—	—	16,683	16,683	—	16,683
Issuance of warrants	a	—	—	—	—	1,851	1,851
<b>Total transactions with owners</b>		8,770	385,970	26,757	(182,564)	238,933	1,801
<b>Balance at 30 June 2012</b>		377,102	3,474,358	1,683,547	3,562,964	9,097,971	19,874

### Note (a):

The warrants were issued by Xinyi Solar Holdings Limited, a wholly-owned subsidiary of the Company.

## Condensed Consolidated Cash Flow Statement

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

		Unaudited Six months ended 30 June	
	Note	2013	2012
Cash flows generated from operating activities - net		1,145,289	492,803
Cash flows used in investing activities - net		(1,559,195)	(715,600)
Cash flows generated from financing activities - net		<u>610,158</u>	<u>406,993</u>
Net increase in cash and cash equivalents		196,252	184,196
Cash and cash equivalents at beginning of the period		680,090	632,792
Effect of foreign exchange rate changes		<u>3,508</u>	<u>(4,766)</u>
Cash and cash equivalents at 30 June	9	<u>879,850</u>	<u>812,222</u>

## 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 23 July 2013.

## 2 BASIS OF PREPARATION

This unaudited condensed consolidated interim financial information for the six months ended 30 June 2013 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 2012, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

## 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 2012, as described in 2012 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.



## 3 ACCOUNTING POLICIES (Continued)

### (A) CHANGES IN ACCOUNTING POLICIES

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 2013. 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
HKAS 1 (Amendment)	Presentation of financial statements	1 July 2012
HKAS 19 (Amendment)	Employee benefits	1 January 2013
HKAS 27 (revised 2011)	Separate financial statements	1 January 2013
HKAS 28 (revised 2011)	Associates and joint ventures	1 January 2013
HKFRS 1	First time adoption	1 January 2013
HKFRS 7 (Amendment)	Financial instruments: Disclosure	1 January 2013
HKFRS 10	Consolidated financial statements	1 January 2013
HKFRS 11	Joint arrangements	1 January 2013
HKFRS 12	Disclosures of interests in other entities	1 January 2013
HKFRS 13	Fair value measurements	1 January 2013
HK(IFRIC) - Int 20	Stripping costs in the production phase of a surface mine	1 January 2013

## 3 ACCOUNTING POLICIES (Continued)

### (B) NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

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 four segments based on the products sold: (1) float glass; (2) automobile glass; (3) construction glass and (4) solar 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 2013:

	Float glass	Automobile glass	Construction glass	Solar glass	Unallocated	Total
Segment revenue	2,570,700	1,608,584	980,797	864,849	—	6,024,930
Inter-segment revenue	(585,935)	—	—	—	—	(585,935)
Revenue from external customers	1,984,765	1,608,584	980,797	864,849	—	5,438,995
Cost of sales	(1,627,160)	(899,394)	(576,130)	(640,206)	—	(3,742,890)
Gross profit	357,605	709,190	404,667	224,643	—	1,696,105
Depreciation of property, plant and equipment (Note 14)	174,911	48,981	44,286	44,965	363	313,506
Amortisation						
– leasehold land and land use rights (Note 14)	8,647	1,807	628	1,196	—	12,278
– intangible assets (Note 14)	595	1,182	—	—	—	1,777
Provision for impairment of trade and other receivables, net (Note 14)	—	1,371	2,136	—	—	3,507
Total assets	9,155,143	2,908,351	2,167,280	2,367,735	1,525,162	18,123,671
Total assets included:						
Interests in associates	—	—	—	—	68,959	68,959
Loans to an associate	—	—	—	—	39,410	39,410
Additions to non-current assets (other than financial instruments and deferred income tax assets)	591,798	171,963	189,754	97,069	601,443	1,652,027
Total liabilities	894,166	544,901	222,787	246,940	5,488,825	7,397,619

# Notes to the Condensed Consolidated Financial Information

## 4 SEGMENT INFORMATION (Continued)

The unaudited segment revenue for the period ended 30 June 2012 and the audited segment assets and liabilities as at 31 December 2012:

	Float glass	Automobile glass	Construction glass	Solar glass	Unallocated	Total
Segment revenue	2,105,218	1,473,195	670,170	799,394	—	5,047,977
Inter-segment revenue	(455,253)	—	—	—	—	(455,253)
Revenue from external customers	1,649,965	1,473,195	670,170	799,394	—	4,592,724
Cost of sales	(1,579,826)	(845,567)	(433,673)	(642,384)	—	(3,501,450)
Gross profit	70,139	627,628	236,497	157,010	—	1,091,274
Depreciation of property, plant and equipment (Note 14)	145,667	56,789	36,839	53,192	1,099	293,586
Amortisation						
– leasehold land and land use rights (Note 14)	6,102	1,905	683	2,607	1,435	12,732
– intangible assets (Note 14)	798	1,104	—	—	—	1,902
Provision for impairment of trade and other receivables, net (Note 14)	—	985	—	(205)	—	780
Total assets	7,781,819	2,699,493	1,712,880	2,970,539	900,360	16,065,091
Total assets included:						
Interests in associates	—	—	—	—	62,981	62,981
Loans to an associate	—	—	—	—	40,486	40,486
Additions to non-current assets (other than financial instruments and deferred income tax assets)	560,572	91,058	188,407	156,605	166,946	1,163,588
Total liabilities	691,585	596,433	285,764	218,571	4,326,665	6,119,018

## 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	
	2013	2012
Segment gross profit	1,696,105	1,091,274
Unallocated:		
Other income	3,663	3,182
Other gains — net	249,444	40,023
Selling and marketing costs	(306,643)	(228,931)
Administrative expenses	(413,495)	(327,037)
Finance income	8,260	5,551
Finance costs	(42,450)	(25,780)
Share of profits of associates	5,857	2,916
Profit before income tax	<u>1,200,741</u>	<u>561,198</u>

## Notes to the Condensed Consolidated Financial Information

### 4 SEGMENT INFORMATION (Continued)

Reportable segments assets/(liabilities) for the period ended 30 June 2013 and the year ended 31 December 2012 are reconciled to total assets/(liabilities) as follows:

	Assets		Liabilities	
	2013 (Unaudited)	2012 (Audited)	2013 (Unaudited)	2012 (Audited)
Segment assets/ (liabilities)	16,598,509	15,164,731	(1,908,794)	(1,792,353)
Unallocated:				
Leasehold land and land use rights	129,411	236,112	—	—
Property, plant and equipment	584,448	134,463	—	—
Investment properties	386,023	—	—	—
Deposits for property, plant and equipment and land use rights	37,731	107,386	—	—
Interests in associates	68,959	62,981	—	—
Balances with associates	39,410	40,486	(4,710)	(33)
Non-current asset held for sale	68,065	68,065	—	—
Trading securities	18,327	—	—	—
Available-for-sale financial assets	633	625	—	—
Prepayments, deposits and other receivables	83,447	13,883	—	—

## Notes to the Condensed Consolidated Financial Information

### 4 SEGMENT INFORMATION (Continued)

	Assets		Liabilities	
	2013 (Unaudited)	2012 (Audited)	2013 (Unaudited)	2012 (Audited)
Cash and bank balances	108,708	236,359	—	—
Accruals and other payables	—	—	(400,387)	(82,710)
Current income tax liabilities	—	—	(9,519)	(1,548)
Deferred income tax liabilities	—	—	(101,902)	(101,925)
Current bank borrowings	—	—	(1,842,342)	(1,644,871)
Non-current bank and other borrowings	—	—	(3,129,965)	(2,495,578)
Total assets/(liabilities)	<u>18,123,671</u>	<u>16,065,091</u>	<u>(7,397,619)</u>	<u>(6,119,018)</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	
	2013	2012
Sales of float glass	1,984,765	1,649,965
Sales of automobile glass	1,608,584	1,473,195
Sales of construction glass	980,797	670,170
Sales of solar glass	864,849	799,394
Total	<u>5,438,995</u>	<u>4,592,724</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	
	2013	2012
Greater China	3,887,712	3,163,732
North America	492,594	537,458
Europe	257,280	249,687
Other countries	801,409	641,847
Total	<u>5,438,995</u>	<u>4,592,724</u>



## Notes to the Condensed Consolidated Financial Information

### 4 SEGMENT INFORMATION (Continued)

An analysis of the Group's non-current assets other than financial instruments and loan to an associate (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 2013 (Unaudited)	31 December 2012 (Audited)
Greater China	13,407,010	11,897,298
North America	9,191	9,876
Other countries	210	286
	<u>13,416,411</u>	<u>11,907,460</u>

### 5 LEASEHOLD LAND AND LAND USE RIGHTS — GROUP

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 2013 (Unaudited)	31 December 2012 (Audited)
In Hong Kong, held on: Lease of between 10 to 50 years	9,237	—
Outside Hong Kong, held on: Lease of between 10 to 50 years	1,410,153	1,433,680
	<u>1,419,390</u>	<u>1,433,680</u>

## Notes to the Condensed Consolidated Financial Information

### 5 LEASEHOLD LAND AND LAND USE RIGHTS — GROUP

(Continued)

	As at	
	30 June 2013 (Unaudited)	31 December 2012 (Audited)
As at 1 January	1,433,680	1,330,825
Exchange differences	20,080	16,604
Addition	91,440	118,653
Amortisation charge	(15,640)	(25,704)
Transferred to non-current asset held for sale	—	(2,578)
Transferred to investment properties (Note 7)	(110,170)	(4,120)
As at 30 June/31 December	<u>1,419,390</u>	<u>1,433,680</u>

### 6 PROPERTY, PLANT AND EQUIPMENT — GROUP

	Construction in progress	Buildings	Plant and machinery	Office equipment	Total
Opening net book amount					
as at 1 January 2013	951,139	2,131,842	6,969,405	16,993	10,069,379
Exchange differences	11,644	26,195	88,432	94	126,365
Additions	1,145,361	8,299	23,805	1,203	1,178,668
Transfer upon completion	(228,578)	110,039	118,539	—	—
Transfer to investment properties (Note 7)	(17,463)	—	—	—	(17,463)
Disposals	—	—	(6,941)	(40)	(6,981)
Depreciation	—	(41,003)	(288,888)	(1,758)	(331,649)
Closing net book amount					
as at 30 June 2013	<u>1,862,103</u>	<u>2,235,372</u>	<u>6,904,352</u>	<u>16,492</u>	<u>11,018,319</u>

# Notes to the Condensed Consolidated Financial Information

## 7 INVESTMENT PROPERTIES

	As at	
	30 June 2013 (Unaudited)	31 December 2012 (Audited)
As at 1 January	53,500	35,223
Exchange differences	678	—
Addition	197,453	—
Fair value gains (Note 15)	36,545	39,446
Transferred from leasehold land and land use rights and property, plant and equipment (Notes 5 and 6)	127,633	15,922
Recognised as property revaluation reserve upon transfer (Note 11)	24,392	12,834
Transferred to non-current asset held for sale	—	(49,925)
<b>As at 30 June/31 December</b>	<b>440,201</b>	<b>53,500</b>

During the period ended 30 June 2013, the Group acquired an investment property located in Hong Kong. The basis of the valuation of the investment property is fair value which is being the amount for which the property could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar lease.

In addition, the Group obtains independent valuation from Grant Sherman Appraisal Limited for an investment property transferred from leasehold land and land use rights and property, plant and equipment (Notes 5 and 6) during the period. The basis of the valuation of the investment property is fair value which is being the amount for which the property could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar lease.

## Notes to the Condensed Consolidated Financial Information

### 7 INVESTMENT PROPERTIES (Continued)

Investment property transferred to non-current asset held for sale was valued at HK\$49,925,000 as at 31 December 2012 by Directors with reference to sale and purchase agreement.

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

	As at	
	30 June 2013 (Unaudited)	31 December 2012 (Audited)
In Hong Kong, held on:		
Lease of between 10 and 50 years	<u>233,998</u>	<u>—</u>
In PRC, held on:		
Lease of between 10 and 50 years	<u>206,203</u>	<u>53,500</u>

# Notes to the Condensed Consolidated Financial Information

## 8 TRADE AND BILLS RECEIVABLES — GROUP

	As at	
	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Trade receivables (note (a))	1,158,334	1,138,688
Less: provision for impairment of trade receivables	<u>(10,777)</u>	<u>(8,461)</u>
	1,147,557	1,130,227
Bills receivables (note (b))	<u>806,254</u>	<u>386,779</u>
Trade and bills receivables — net	1,953,811	1,517,006
Prepayments, deposits and other receivables	<u>550,722</u>	<u>622,758</u>
	<u>2,504,533</u>	<u>2,139,764</u>

- (a) The credit period granted by the Group to its customers is generally from 30 to 90 days. At 30 June 2013 and 31 December 2012, the ageing analysis of the Group's trade receivables was as follows:

	As at	
	30 June 2013 (Unaudited)	31 December 2012 (Audited)
0-90 days	974,221	830,327
91-180 days	121,090	180,860
181-365 days	28,448	103,162
1-2 years	17,310	12,971
Over 2 years	<u>17,265</u>	<u>11,368</u>
	<u>1,158,334</u>	<u>1,138,688</u>

- (b) The maturities of bills receivables are ranging within six months.

# Notes to the Condensed Consolidated Financial Information

## 9 CASH AND BANK BALANCES

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

	As at	
	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Cash and bank balances	880,639	704,372
Less:		
– Pledged bank deposits (note)	(789)	(882)
– Bank deposits with maturity more than three months	—	(23,400)
	<u>879,850</u>	<u>680,090</u>

Note: The pledged bank deposits represents deposits pledged as collateral principally as security for import duties payable to the US Customs and for the standby letter of credit issued by a PRC bank.

# Notes to the Condensed Consolidated Financial Information

## 10 SHARE CAPITAL

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

	Note	Number of Shares	Ordinary shares of HK\$0.1 each	Share premium	Total
<b>Authorised:</b>					
As at 31 December 2012 and 30 June 2013		20,000,000,000	2,000,000	—	2,000,000
<b>Issued and fully paid:</b>					
As at 1 January 2013		3,785,554,299	378,555	3,520,956	3,899,511
Issues of Shares under an employees' share option scheme	(a)	20,093,400	2,010	77,041	79,051
Repurchase and cancellation of Shares	(b)	(22,702,000)	(2,270)	(132,962)	(135,232)
As at 30 June 2013		3,782,945,699	378,295	3,465,035	3,843,330

Notes:

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

	2013		2012	
	Average exercise price in HK dollar per Share	Options (thousands)	Average exercise price in HK dollar per Share	Options (thousands)
At 1 January	4.36	87,122	3.80	89,933
Granted	5.55	26,500	4.34	26,250
Recovered	2.34	2,742	—	—
Exercised	2.88	(20,093)	1.91	(4,966)
Lapsed	4.56	(6,907)	4.63	(2,302)
Expired	—	—	2.34	(7,302)
At 30 June	4.97	89,364	4.11	101,613

# Notes to the Condensed Consolidated Financial Information

## 10 SHARE CAPITAL (Continued)

Notes: (Continued)

(a) (Continued)

Out of the 89,364,000 outstanding options, 19,958,000 options were exercisable as at 30 June 2013. Options exercised in 2013 resulted in 20,093,400 Shares being issued at a weighted average price at the time of exercise of HK\$2.88 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 2014	3.55	19,958
31 March 2015	6.44	19,057
31 March 2016	4.34	23,849
31 March 2017	5.55	26,500
		<hr/>
		89,364

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

Date of grant	2 April 2013
Option valued	HK\$1.389
Share price at the date of grant	HK\$5.28
Exercisable price	HK\$5.55
Expected volatility	47.72%
Annual risk-free interest rate	0.29%
Life of option	3 years and 6 months
Dividend yield	3.29%



# Notes to the Condensed Consolidated Financial Information

## 10 SHARE CAPITAL (Continued)

Notes: (Continued)

- (b) During the period ended 30 June 2013, 22,702,000 Shares repurchased by the Company were cancelled in 2013. 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	Lowest price per Share	Aggregate consideration paid HK\$'000
April 2013	6,562,000	5.51	5.14	35,279
May 2013	9,300,000	6.40	5.94	57,434
June 2013	6,840,000	6.38	6.13	42,519

- (c) In May 2012, 82,729,211 Shares were allotted and issued by way of a placing at HK \$ 4.69 per Share, totaling HK\$388,000,000 and the related transaction costs amounting to HK\$5,851,000 have been netted off with the deemed proceeds. These Shares rank pari passu in all respects with the then existing Shares in issue. The excess over the par value of the Shares were credited to share premium account.

## 11 OTHER RESERVE — GROUP

	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	Subtotal	Retained earnings	Total
<b>Balance at 1 January 2013</b>		716,390	49,796	1,201,327	11,840	72,738	13,458	8,942	16,683	2,091,174	3,951,214	6,042,388
Profit for the period		—	—	—	—	—	—	—	—	—	1,003,652	1,003,652
Change in revaluation surplus	7	—	—	—	—	—	24,392	—	—	24,392	—	24,392
Currency translation differences		—	—	163,467	—	—	—	—	—	163,467	—	163,467
Employees' share option scheme:												
– Proceeds from shares issued		—	—	—	—	(21,466)	—	—	—	(21,466)	—	(21,466)
– Value of employee service		—	—	—	—	7,759	—	—	—	7,759	—	7,759
– Release on forfeiture of share options		—	—	—	—	2,241	—	—	—	2,241	(2,241)	—
Dividend relating to 2012		—	—	—	—	—	—	—	—	—	(341,025)	(341,025)
Repurchase and cancellation of share	10(b)	—	—	—	—	—	—	2,270	—	2,270	(2,270)	—
<b>Balance at 30 June 2013</b>		716,390	49,796	1,364,794	11,840	61,272	37,850	11,212	16,683	2,269,837	4,609,330	6,879,167

## Notes to the Condensed Consolidated Financial Information

### 12 TRADE PAYABLE, ACCRUALS AND OTHER PAYABLES — GROUP

	As at	
	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Trade payables (note (a))	747,394	604,815
Accruals and other payables	1,217,538	850,392
	<u>1,964,932</u>	<u>1,455,207</u>

Notes:

- (a) At 30 June 2013 and 31 December 2012, the ageing analysis of the trade payables were as follows:

	As at	
	30 June 2013 (Unaudited)	31 December 2012 (Audited)
0-90 days	662,882	523,843
91-180 days	36,139	29,501
181-365 days	21,198	34,109
1-2 years	23,438	14,404
Over 2 years	3,737	2,958
	<u>747,394</u>	<u>604,815</u>

## Notes to the Condensed Consolidated Financial Information

### 13 BANK AND OTHER BORROWINGS — GROUP

	As at	
	30 June 2013 (Unaudited)	31 December 2012 (Audited)
<b>Non-current</b>		
Secured (note (a))	3,976,825	3,371,222
Less: Current portion	<u>(1,634,650)</u>	<u>(1,644,871)</u>
	2,342,175	1,726,351
Convertible bonds liability component (note (b))	<u>787,790</u>	<u>769,227</u>
Shown as non-current liabilities	<u>3,129,965</u>	<u>2,495,578</u>
<b>Current</b>		
Secured (note (a))	207,692	125,103
Current portion of non-current bank borrowings	<u>1,634,650</u>	<u>1,644,871</u>
Shown as current liabilities	<u>1,842,342</u>	<u>1,769,974</u>
Total bank and other borrowings	<u>4,972,307</u>	<u>4,265,552</u>

# Notes to the Condensed Consolidated Financial Information

## 13 BANK AND OTHER BORROWINGS — GROUP (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 2013 and 31 December 2012, the Group's bank borrowing were repayable as follows:

	As at	
	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Within 1 year	1,842,342	1,769,974
Between 1 and 2 years	1,753,451	1,388,155
Between 2 and 5 years	588,724	338,196
	<u>4,184,517</u>	<u>3,496,325</u>

At 30 June 2013 and 31 December 2012, the carrying amounts of the Group's bank borrowings are denominated in the following currencies:

	As at	
	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Hong Kong dollar	4,097,825	3,371,222
US dollar	86,692	125,103
	<u>4,184,517</u>	<u>3,496,325</u>

The carrying amounts of bank borrowings approximate their fair values as at 30 June 2013 and 31 December 2012.

## 13 BANK AND OTHER BORROWINGS — GROUP (Continued)

Note: (Continued)

(a) (Continued)

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

	30 June 2013		31 December 2012	
	HK\$	US\$	HK\$	US\$
Bank borrowings	<u>1.68%</u>	<u>1.00%</u>	<u>1.60%</u>	<u>1.34%</u>

- (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 (HK\$759,000,000) and the equity conversion component (HK\$17,000,000), net of transaction cost of HK\$317,000, were determined at the issuance of the bond. The fair value of the liability component included in long-term 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.

At 30 June 2013, the Group's convertible bonds were repayable between 2 and 5 years.

# Notes to the Condensed Consolidated Financial Information

## 13 BANK AND OTHER BORROWINGS — GROUP (Continued)

Note: (Continued)

(b) (Continued)

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

	As at	
	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Liability component at 1 January 2013	769,227	—
Principal value of convertible bonds issued on 3 May 2012, net of issuance costs	—	761,558
Equity component	—	(16,683)
	<hr/>	<hr/>
Liability component on initial recognition at 3 May 2012	769,227	744,875
Interest expense (Note 16)	18,563	24,352
	<hr/>	<hr/>
Liability component at 30 June 2013/ 31 December 2012	<b>787,790</b>	<b>769,227</b>

The carrying amounts of the liability component of the convertible bonds approximates their fair values as at 30 June 2013 and 31 December 2012.

## 14 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	
	2013	2012
Depreciation and amortisation	327,561	308,220
Employee benefit expenses	393,176	354,082
Cost of inventories	2,738,288	2,588,708
Other selling expenses (including transportation and advertising costs)	198,008	130,116
Operating lease payments in respect of land and buildings	3,426	3,467
Impairment of trade and other receivables, net	3,507	780
Other expenses, net	<u>799,062</u>	<u>672,045</u>
Total cost of sales, selling and marketing costs and administrative expenses	<u>4,463,028</u>	<u>4,057,418</u>



# Notes to the Condensed Consolidated Financial Information

## 15 OTHER GAINS – NET

	Unaudited For the six months ended 30 June	
	2013	2012
Government grants (Note(a))	199,049	45,429
Fair value gains on investment properties (Note 7)	36,545	16,777
Fair value losses and realized gains on trading securities, net	(5,937)	—
Other foreign exchange gains, net	17,306	(27,450)
Others	2,481	5,267
	<u>249,444</u>	<u>40,023</u>

Note (a):

Government grant mainly represents grants obtained from the PRC government in relation to valued-added tax, income tax and land use tax and the operating costs of certain PRC subsidiaries.

# Notes to the Condensed Consolidated Financial Information

## 16 FINANCE INCOME AND FINANCE COSTS

### FINANCE INCOME

	Unaudited For the six months ended 30 June	
	2013	2012
Interest income on short-term bank deposits	<u>8,260</u>	<u>5,551</u>

### FINANCE COSTS

	Unaudited For the six months ended 30 June	
	2013	2012
Interest on bank borrowings	38,868	34,441
Less: interest expenses capitalised under construction in progress	(14,981)	(14,750)
Interest on convertible bonds	<u>18,563</u>	<u>6,089</u>
	<u>42,450</u>	<u>25,780</u>

# Notes to the Condensed Consolidated Financial Information

## 17 INCOME TAX EXPENSE

	Unaudited For the six months ended 30 June	
	2013	2012
Current income tax		
– Hong Kong profits tax (Note a)	20,935	12,192
– PRC corporate income tax (Note b)	175,802	63,835
– Overseas income tax (Note c)	334	35
Deferred income tax	—	7,738
	<u>197,071</u>	<u>83,800</u>

Notes:

- (a) Hong Kong profits tax

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profits for the period.

- (b) PRC corporate income tax

Effective from 1 January 2008, the PRC subsidiaries shall determine and pay the corporate income tax ("CIT") in accordance with the Corporate Income Tax Law of the PRC (hereinafter "the new CIT Law") as approved by the National People's Congress on 16 March 2007.

PRC 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. Seven (2012: three) major subsidiaries in Shenzhen, Dongguan, Wuhu and Tianjin 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 2013 and 2012 at the rates of taxation prevailing in the countries in which the Group operates.

## 18 DIVIDENDS

	For the six months ended 30 June	
	2013	2012
Final dividend paid for 2012 of 9.0 HK cents (2011: 5.0 HK cents) per Share	341,025	188,530
Proposed interim dividend of 13.0 HK cents (2012: 6.0 HK cents) per Share	491,783	226,560
	<u>832,808</u>	<u>415,090</u>

Note: At a meeting of the Board held on 23 July 2013, the Directors declared an interim dividend of 13.0 HK cents per Share for the six months ended 30 June 2013. The amount of 2013 proposed interim dividend is based on shares in issue as at 30 June 2013.

This interim dividend is not reflected as a dividend payable in this unaudited condensed consolidated financial information, but will be reflected as an appropriation of the retained earnings of the Company for the period ended 30 June 2013.

# Notes to the Condensed Consolidated Financial Information

## 19 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	
	2013	2012
Profit attributable to equity holders of the Company (HK\$'000)	1,003,652	476,859
Weighted average number of Shares in issue (thousands)	3,790,421	3,712,647
Basic earnings per Share (HK cents per Share)	26.48	12.84

### 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 2013, and the net profit is adjusted to eliminate the interest expense less tax effect.

## Notes to the Condensed Consolidated Financial Information

### 19 EARNINGS PER SHARE (Continued)

#### DILUTED (Continued)

	Unaudited For the six months ended 30 June	
	2013	2012
<b>Earnings</b>		
Profit attributable to equity holders of the Company (HK\$'000)	1,003,652	476,859
Interest expense on convertible bonds (net of tax) (HK\$'000)	15,500	—
	<u>1,019,152</u>	<u>476,859</u>
<b>Weighted average number of Shares in issue (thousands)</b>	3,790,421	3,712,647
Adjustments for:		
Share options (thousands)	16,911	23,690
Assumed conversion of convertible bonds (thousands)	64,135	—
	<u>3,871,467</u>	<u>3,736,337</u>
Weighted average number of Shares for diluted earnings per Shares (thousands)		
	<u>3,871,467</u>	<u>3,736,337</u>
Diluted earnings per Share (HK cents per Share)	<u>26.32</u>	<u>12.76</u>

# Notes to the Condensed Consolidated Financial Information

## 20 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 2013 and 31 December 2012.

	Level 1	Level 2	Level 3	Total
<b>At 30 June 2013</b>				
Assets				
Trading securities	18,327	—	—	18,327
Available-for-sale financial assets				
– Equity securities	—	—	633	633
	Level 1	Level 2	Level 3	Total
<b>At 31 December 2012</b>				
Assets				
Available-for-sale financial assets				
– Equity securities	—	—	625	625

### 20 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 2013 comprised trading securities.

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

## 20 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 2013.

#### Available-for-sale financial assets

At 1 January 2013 and 31 December 2012	625
Exchange differences	<u>8</u>
At 30 June 2013	<u>633</u>

During six months ended 30 June 2013, there were no transfer between Level 1 and Level 2, or transfer into or out of Level 3 (2012: 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.

## 21 COMMITMENTS — GROUP

### CAPITAL COMMITMENTS

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

	As at	
	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Land use right and property, plant and equipment		
Contracted but not provided for	1,130,274	621,241
Authorised but not contracted for	<u>4,096,164</u>	<u>4,201,685</u>
	<u>5,226,438</u>	<u>4,822,926</u>

## Notes to the Condensed Consolidated Financial Information

### 22 RELATED PARTY TRANSACTION

The following transactions were carried out with related parties:

#### (A) PURCHASE OF GOODS FROM ASSOCIATES AND SALES OF GOODS TO AN ASSOCIATE

	Unaudited For the six months ended 30 June	
	2013	2012
Purchases of goods from associates		
– Tianjin Wuqing District Xinke Natural Gas Investment Company Limited	192,243	—
– Beihai Yiyang Mineral Company Limited	66,139	68,081
– Dongyuan County Xinhuali Quartz Sand Company Limited	16,281	6,724
– Maoming City Yindi Construction Material Company Limited	14,588	8,056
Sales of goods to an associate		
– Beijing Zhengmei Fengye Automobile Service Co., Ltd.	9,443	9,779

# Notes to the Condensed Consolidated Financial Information

## 22 RELATED PARTY TRANSACTION (Continued)

### (B) PERIOD/YEAR-END BALANCES WITH ASSOCIATES

	As at	
	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Balance with/loan advance to associates		
– Beihai Yiyang Mineral Company Limited	2,827	1,861
– Dongyuan County Xinhuali Quartz Sand Company Limited	<u>36,583</u>	<u>38,625</u>
	<u>39,410</u>	<u>40,486</u>
Amount due to an associate		
– Beihai Yiyang Mineral Company Limited	<u>(4,710)</u>	<u>(33)</u>

## Further Information on the Group

### INTERIM DIVIDENDS AND CLOSURE OF REGISTER OF MEMBERS

As the Group has a substantial improvement in its overall profitability for the six months ended 30 June 2013 operating results, the Directors recommend and declare an interim dividend of 13.0 HK cents per Share for the six months ended 30 June 2013 (2012: 6.0 HK cents) to be paid to all shareholders (the "Shareholders") of the Company with their names recorded on the register of members of the Company at the close of business on Friday, 6 September 2013.

The Company's register of members was closed from Wednesday, 4 September 2013 to Friday, 6 September 2013 (both days inclusive), and during such 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, 3 September 2013.

### PURCHASE, SALE OR REDEMPTION OF SHARES

The Company repurchased its own Shares on the Stock Exchange in April, May and June 2013, respectively. The repurchased Shares have been cancelled. Accordingly, the issued share capital of the Company has been 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	Highest price per Share HK\$	Lowest price per Share HK\$	Aggregate consideration paid HK\$'000
April 2013	6,562,000	5.51	5.14	35,279
May 2013	9,300,000	6.40	5.94	57,434
June 2013	6,840,000	6.38	6.13	42,519

### **PURCHASE, SALE OR REDEMPTION OF SHARES** (Continued)

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 2013.

### **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 2013.

### **REVIEW OF THE INTERIM RESULTS**

The Company's interim results for the six months ended 30 June 2013 have not been audited but have been reviewed by the Company's audit committee, comprising the five independent non-executive Directors.

### **REMUNERATION COMMITTEE**

The committee, comprising three independent non-executive Directors and two executive Directors, is mandated to review and approve the remuneration packages of the Directors and senior management of the Company. It has adopted the terms of reference in line with the code provisions of the Corporate Governance Code.

## 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 at 30 June 2013, 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, M.H.	Interest of a controlled corporation (Note a)	725,209,552	19.17%
	Interest of a controlled corporation (Note a)	44,548,000	1.18%
	Personal interest (Note b)	32,912,000	0.87%
Mr. TUNG Ching Bor	Interest of a controlled corporation (Note c)	266,766,456	7.05%
	Interest of a controlled corporation (Note o)	44,548,000	1.18%
	Personal interest (Note d)	19,900,000	0.53%
Mr. TUNG Ching Sai	Interest of a controlled corporation (Note e)	246,932,579	6.55%
	Interest of a controlled corporation (Note o)	44,548,000	1.18%
	Personal interest (Note f)	55,988,000	1.48%
Mr. LI Ching Wai	Interest of a controlled corporation (Note g)	118,562,868	3.13%
	Interest of a controlled corporation (Note o)	44,548,000	1.18%
Mr. NG Ngan Ho	Interest of a controlled corporation (Note h)	79,041,912	2.09%
	Interest of a controlled corporation (Note o)	44,548,000	1.18%
	Personal interest	2,200,000	0.06%

### 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. LI Man Yin	Interest of a controlled corporation (Note i)	79,041,911	2.09%
	Interest of a controlled corporation (Note o)	44,548,000	1.18%
	Personal interest (Note j)	1,540,000	0.04%
Mr. SZE Nang Sze	Interest of a controlled corporation (Note k)	108,800,781	2.88%
	Interest of a controlled corporation (Note o)	44,548,000	1.18%
Mr. LI Ching Leung	Interest of a controlled corporation (Note l)	79,041,911	2.09%
	Interest of a controlled corporation (Note o)	44,548,000	1.18%
	Personal interest	2,000,000	0.05%
	Personal interest (Note m)	400,000	0.01%
Mr. WONG Chat Chor Samuel	Personal interest	836,000	0.02%
Mr. TRAN Chuen Wah, John	Personal interest (Note n)	180.00	0.00%

#### Notes:

- (a) Mr. LEE Yin Yee, M.H.'s interests in the Shares are held through Realbest Investment Limited ("Realbest"), a company incorporated in the BVI with limited liability on 2 July 2004 and wholly-owned by Mr. LEE Yin Yee.
- (b) Mr. LEE Yin Yee, M.H.'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.

## 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)

- (d) Mr. TUNG Ching Bor's interests in the Shares are held through a joint account with his spouse, Madam KUNG Sau Wai.
- (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. LI Man Yin's interests in the Shares are held through Perfect All Investments Limited ("**Perfect All**"), a company incorporated in the BVI with limited liability on 28 June 2004 and wholly-owned by Mr. LI Man Yin.



### 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)

- (j) Mr. LI Man Yin's interests in the Shares are held through a joint account with his spouse, Madam LI Sau Suet.
- (k) 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.
- (l) 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.
- (m) Mr. LI Ching Leung's interests in the Shares are held through a joint account with his spouse, Madam DY Maria Lumin.
- (n) Mr. TRAN Chuen Wah, John's interest in the Shares are held through his spouse, Madam LAM Ying.
- (o) 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 12.50%, Mr. TUNG Ching Sai as to 19.91%, Mr. LEE Sing Din (father of Mr. LEE Yau Ching) 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, M.H.	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%
Telerich Investment Limited (Note s)	Mr. LEE Yau Ching	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%
Perfect All (Note v)	Mr. LI Man Yin	2 ordinary shares	100%
Goldpine (Note w)	Mr. SZE Nang Sze	2 ordinary shares	100%
Herosmart (Note x)	Mr. LI Ching Leung	2 ordinary shares	100%
Full Guang (Note y)	Mr. LEE Yin Yee, M.H.	734,000 ordinary shares	33.98%
	Mr. TUNG Ching Bor	270,000 ordinary shares	12.50%
	Mr. TUNG Ching Sai	430,000 ordinary shares	19.91%
	Mr. LEE Yau Ching	256,000 ordinary shares	11.85%
	Mr. LI Ching Wai	120,000 ordinary shares	5.56%
	Mr. NG Ngan Ho	80,000 ordinary shares	3.70%
	Mr. LI Man Yin	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, M.H.
- (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, father of Mr. LEE Yau Ching.
- (t) Goldbo is wholly-owned by Mr. LI Ching Wai.
- (u) Linkall is wholly-owned by Mr. NG Ngan Ho.
- (v) Perfect All is wholly-owned by Mr. LI Man Yin.
- (w) Goldpine is wholly-owned by Mr. SZE Nang Sze.
- (x) Herosmart is wholly-owned by Mr. LI Ching Leung.
- (y) Full Guang is owned by Mr. LEE Yin Yee as to 33.98%, Mr. TUNG Ching Bor as to 12.50%, Mr. TUNG Ching Sai as to 19.91%, Mr. LEE Sing Din (father of Mr. LEE Yau Ching) 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%.

Save as disclosed above, as at 30 June 2013, 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 and the Model Code.

## Further Information on the Group

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

As at 30 June 2013, 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	19.17%
High Park	266,766,456	Registered and beneficial owner	7.05%
Copark	246,932,579	Registered and beneficial owner	6.53%
Telerich Investment Limited <i>(Note)</i>	251,595,089	Registered and beneficial owner	6.65%

Note: These Shares are registered in the name of Telerich Investment Limited, the entire issued share capital of which is beneficially owned by Mr. LEE Sing Din, the father of Mr. LEE Yau Ching, who is an executive Director.

### EXECUTIVE DIRECTORS

Mr. LEE Yin Yee, M.H. (*Chairman*)<sup>o ~ <</sup>

Mr. TUNG Ching Bor (*Vice Chairman*)

Mr. TUNG Ching Sai

(*Chief Executive Officer*)<sup>o <</sup>

Mr. LEE Shing Kan

Mr. LEE Yau Ching

Mr. LI Man Yin

### 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. <sup># \* o + <</sup>

Mr. WONG Chat Chor Samuel <sup># o <</sup>

Mr. WONG Ying Wai, S.B.S., JP <sup># o <</sup>

Mr. TRAN Chuen Wah, John

Mr. TAM Wai Hung, David

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

### COMPANY SECRETARY & QUALIFIED ACCOUNTANT

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

3/F, Harbour View 2

16 Science Park East Avenue

Phase 2, Hong Kong Science Park

Pak Shek Kok

Tai Po, New Territories

Hong Kong

### LEGAL ADVISERS AS TO HONG KONG LAW

Squire Sanders

29th Floor, Edinburgh Tower

The Landmark

15 Queen's Road

Central

Hong Kong

## Corporate Information

### 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)  
Citibank, N.A.  
DBS Bank  
Deutsche Bank  
Fubon Bank (Hong Kong)  
Taipei Fubon Commercial Bank  
Hang Seng Bank  
HSBC  
Nanyang Commercial Bank  
Standard Chartered Bank  
Sumitomo Mitsui Banking Corporation  
Agricultural Bank of China  
Bank of Communications  
Bank of China  
Hui Shang Bank  
Industrial Bank  
Ping An Bank

### 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

### 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

### 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 Shares
Financial year end:	31 December
Share issued and fully paid as at the date of this interim report:	3,784,604,699 Shares
Share price as at the date of this interim report:	HK\$6.85
Market capitalisation as at the date of this interim report:	Approximately HK\$25.925 billion

### KEY DATES

Closure of register of members: From 4 September 2013 to 6 September 2013 (both days inclusive)	
Proposed interim dividend payable date: On or before 18 September 2013	