

# 信義玻璃有限公司

(Incorporated in the Cayman Islands with limited liability)  
(Stock Code :00868)

## 2010 Interim Report

# Contents

|                                                           |    |
|-----------------------------------------------------------|----|
| Financial Highlights                                      | 2  |
| Chairman's Statement                                      | 3  |
| Management Discussion & Analysis                          | 7  |
| Condensed Consolidated Balance Sheet                      | 12 |
| Condensed Consolidated Income Statement                   | 14 |
| Condensed Consolidated Statement of Comprehensive Income  | 15 |
| Condensed Consolidated Statement of Changes in Equity     | 16 |
| Condensed Consolidated Cash Flow Statement                | 18 |
| Notes to the Condensed Consolidated Financial Information | 19 |
| Further Information on the Group                          | 46 |
| Corporate Information                                     | 55 |

# Financial Highlights

|                                                            | Six months<br>ended 30 June | Year ended<br>31 December |                   |
|------------------------------------------------------------|-----------------------------|---------------------------|-------------------|
| (in HK\$'000)                                              | 2010<br>(Unaudited)         | 2009<br>(Unaudited)       | 2009<br>(Audited) |
| Turnover                                                   | 2,648,674                   | 1,628,249                 | 3,957,957         |
| Profit before taxation                                     | 726,749                     | 258,787                   | 823,997           |
| Profit attributable to Company's<br>shareholders           | 641,840                     | 225,183                   | 773,526           |
| Dividends                                                  | 283,338                     | 106,383                   | 372,012           |
| Equity attributable to Company's<br>shareholders           | <u>5,827,869</u>            | <u>4,961,132</u>          | <u>5,410,514</u>  |
| (number of ordinary shares<br>("Share") in '000)           |                             |                           |                   |
| Weighted average number of Shares<br>in issue              | <u>3,542,000</u>            | <u>3,467,062</u>          | <u>3,505,802</u>  |
| (in Hong Kong cents)                                       |                             |                           |                   |
| Earnings per Share - basic                                 | 18.1                        | 6.5                       | 22.1              |
| Earnings per Share - diluted                               | 18.0                        | 6.5                       | 22.0              |
| Dividends per Share                                        | 8.0                         | 3.0                       | 10.6              |
| Equity attributable to Company's<br>shareholders per Share | <u>164.54</u>               | <u>143.09</u>             | <u>154.33</u>     |

Note: For comparison, weighted average number of Shares in issue, earnings per Share - basic, earnings per Share - diluted, dividends per Share and equity attributable to the Company's shareholders per Share for the six months ended 30 June 2009 and for the year ended 31 December 2009 were restated to take into account the effect of the Bonus Issue in June 2010.

# 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 2010.

In comparison with the same period in 2009, turnover of the Group increased by approximately 62.7% to approximately HK\$2,648.7 million during the six months ended 30 June 2010. The net profit attributable to equity holders of the Company for the review period also rose by around 185.0% to approximately HK\$641.8 million. Basic earnings per Share were 18.1 HK cents, compared to 6.5 HK cents (adjusted for the effect of a Bonus Issue in June 2010) for the same period in 2009.

The Board considers that the Group has achieved an outstanding result in the aftermath of the financial tsunami. Hence, the Board is pleased to declare an interim dividend of 8.0 HK cents per Share.

I present below an overview of the business of the Group for the six months ended 30 June 2010 and key development highlights for the coming half year.

## THE RECOVERY PERIOD OF THE POST FINANCIAL TSUNAMI

During the six months ended 30 June 2010, all business segments of the Group reported good performance. Overseas sales and sales in the PRC markets also recorded a satisfactory growth. With the new production capacity contributed by the Wuhu production complex, the float and the ultra-clear photovoltaic glass businesses enjoyed an outstanding performance. The aggregate demand for aftermarket automobile glass in the overseas markets reported significant improvement as the global economy was gradually recovering. With the bolstered capacity in our Wuhu production complex and the increase in the PRC's building project volume, our construction glass business also recorded a satisfactory growth. All of these factors helped the Group to achieve a remarkable turnover during the six months ended 30 June 2010.

# Chairman's Statement

During the period under review, the market has continued to be volatile while the competition has been getting tougher. The Group nevertheless managed to achieve profitability by boosting its economies of scale, improving production technique and workflow, implementing better cost control on raw material and inventory, providing a diversified and high value-added glass product combination and adopting flexible management strategies to take advantage of different supportive government policies in China.

## UNSTABLE ECONOMY IN EUROPE - EXPLORING EXPORT SALES CHANNELS AND INCREASING CHINA SALES

The European economies have been seriously affected by the recent economic turmoil although the North American markets have gradually recovered. Therefore, we have actively explored different overseas markets, such as Australia, Middle East and Africa to offset the slow demand growth from Europe and expand our overseas market share.

Sales to North America increased by approximately 16.4% to approximately HK\$330.5 million while the sales to Europe slight increase by approximately 7.3% to approximately HK\$150.9 million during the period under review. The Group's improved performance was attributable to the increase of overall demand with sales orders reaching a high level in the North America market.

Also, the Group has actively explored other overseas markets and in 2010, revenue from these markets increased by approximately 11.4% to approximately HK\$446.8 million. Riding on the business opportunities presented by the strong economic rebound in the Greater China market, the Group's sales in this region also increased significantly by approximately 114.3% to approximately HK\$1,720.5 million.

## IMPROVED PRODUCTIVITY AND ECONOMIES OF SCALE MINIMISE ENERGY AND MATERIAL COSTS

Since the end of 2009, the selling prices of heavy oil, the fuel for float and ultra clear photovoltaic glass production, have been rising but the new facilities in our Wuhu operations are using cheaper and cleaner natural gas as fuel. We also plan to install a natural gas system for the existing float and ultra clear photovoltaic glass production lines in Dongguan at an appropriate time in order to improve our overall costs structure.

# Chairman's Statement

Moreover, our strong experience in operations management combined with the improvements in the production process have enhanced our productivity and yield rate to minimise overall production and energy costs. The Group's daily production capacity of high quality float glass increased from 3,100 daily melting tons from the end of 2009 to 4,700 daily melting tons by mid-2010. The two new high quality float glass production lines in our Wuhu production complex have provided the Group with an additional daily production capacity of 1,600 melting tons in the first half of 2010. The economies of scale have enhanced the Group's purchasing power, reduced the average fuel consumption rate and the fixed unit cost, thus mitigating the impact of any potential cost pressure on the gross profit margin in the future.

## DIVERSIFIED AND HIGH VALUE ADDED PRODUCT MIX - ENHANCED PROFITABILITY

During the period under review, the gross margin of the Group's automobile glass, construction glass and float glass was maintained within a satisfactory range. The demand of the solar energy module market has been strong since last year due to the supportive policies for clean and renewable energy in major countries.

As a result, the ultra clear photovoltaic glass performed remarkably in the first half of the year, thus enhancing the Group's overall profitability.

In 2010, we will continue to strengthen our operational management efficiency in order to tackle the different challenges resulting from the long time taken for the world economy to recover. Supporting factors include the PRC Government's adjustment to the economic stimulus plan, its policies to continue support for the automobile industry and encourage the building materials industry in rural areas in China, the new energy-saving standards for building construction and the solar roof model home project. We will strengthen our research and development capability to enhance new product development and improve product quality. Our new production lines in the Yangtze River Delta, the Pearl River Delta and the Bohai region will commence operation before the end of 2011.

## Chairman's Statement

We will also focus on the development of new environmentally-friendly and energy efficient glass products to meet the anticipated strong market demand for high quality float glass, LOW-E glass, double glazing insulated glass and photovoltaic glass products. We expect the second and third tier PRC cities will also have strong demand for high quality float glass and Low-E glass in the future.

The second ultra clear photovoltaic glass production line, mainly used for photovoltaic power systems, successfully commenced operation in the fourth quarter of 2009. This product has been well received by the market. The Group plans to build three new ultra clear photovoltaic glass production lines in Wuhu and Tianjin to fulfil the demand for solar power systems, which is expected to continuously increase in Europe, the US, China, Japan and Asia.

The Group has proactively and aggressively tackled challenges in a variety of business environments and has overcome difficult times with the support of our staff and customers, consequently reaping benefits from opportunities that have arisen as the economy revives. We remain optimistic about our future development and will continue to adhere to business strategies that have proven to be highly successful. Striving to maintain our leading position, our efforts will enable the Group to further expand its presence in the worldwide glass market.

On behalf of the Board, I would like to take this opportunity to express our gratitude to all staff for their diligence during the period under review.

LEE Yin Yee, M.H.

Chairman

Hong Kong, 2 August 2010

# Management Discussion and Analysis

Management Discussion and Analysis



# Management Discussion and Analysis

Other gains for the six months ended 30 June 2010 were approximately HK\$35.5 million, as compared with approximately HK\$7.2 million for the same period in 2009. The increase was mainly attributable to the exchange gain of approximately HK\$9.6 million and approximately HK\$18.6 million of PRC government grants during the first half of 2010.

Selling and marketing expenses increased by about 25.9% to approximately HK\$163.2 million for the six months ended 30 June 2010, which was mainly attributable to the higher transportation costs due to the increase in overseas sales and increase of freight rates.

Finance costs decreased by about 58.6% to approximately HK\$4.2 million for the six months ended 30 June 2010. The decrease was principally due to the switching of high interest Reminbi borrowings to low interest Hong Kong dollars borrowings in the second half of 2009. Some of the interest expenses were capitalised in relation to the acquisition of plant and machinery at our production complex in Wuhu and building costs in production complexes in Jiangmen and Tianjin in China, but they were charged as expenses when the new production lines commenced during the period. Interest of HK\$6.3 million was capitalised under construction-in-progress for the six months ended 30 June 2010.

EBIT increased by approximately 171.7% for the six months ended 30 June 2010 compared with the same period in 2009. This increase was consistent with the increase in turnover and the net profit of the Group during the six months ended 30 June 2010.

# Management Discussion and Analysis

Tax payment amounted to approximately HK\$84.0 million for the six months ended 30 June 2010, with the effective tax rate of 11.6% which reflected most of the Group's PRC subsidiaries' profit tax exemption rate reaching 50% for 2010 to 2012 under the PRC Tax Unification Policy.

Net profit for the six months ended 30 June 2010 was approximately HK\$641.8 million, representing a significant increase of approximately 185.0% as compared with the same period in 2009. Net profit margin for the period also increased significantly to approximately 24.2% from 13.8% for the same period in 2009, which was mainly due to a strong rebound in turnover, a better product mix and improvement in production efficiency.

For the six months ended 30 June 2010, the Group incurred an aggregate amount of approximately HK\$922.8 million for purchase of plant and machinery, land use rights, construction of factory premises and the float glass production lines at the Group's production complexes in China.

As at 30 June 2010, the Group had net current assets of approximately HK\$150.2 million.

# Management Discussion and Analysis

In 2010, 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 2010, net cash inflow from operating activities amounted to approximately HK\$262.0 million (2009: HK\$492.4 million). As at 30 June 2010, the Group had balances of cash and cash equivalents of approximately HK\$388.1 million (2009: approximately HK\$468.6 million).

Total bank borrowings as at 30 June 2010 were approximately HK\$1,902.9 million. Net debt gearing ratio, calculated by dividing net total bank borrowings by total shareholders' equity, increased to approximately 26.0%, as compared to approximately 10.3% at the year end of 2009, principally due to an increase of bank borrowings to finance our capital expenditure during the period while there was a new capital fund of HK\$522.0 million through the placement of new Shares in June 2009.

The Group's transactions are mainly denominated in Renminbi, United States dollars, Euro, Australian dollars and Hong Kong dollars with operations mainly in China. As at 30 June 2010, the Group's bank borrowings were denominated in Renminbi and Hong Kong dollars bearing interest rates ranging from 0.65% to 5.31% per annum. Hence, the Group's exposure to foreign exchange fluctuations was therefore 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.

# Management Discussion and Analysis

As at 30 June 2010, the Group had 10,699 full-time employees of whom 10,626 were based in Hong Kong and China and 43 were based in other countries. The Group strives to maintain good relationship with its employees by providing them with sufficient training on latest business knowledge including applications of the Group's products and skills on maintaining long-term customer relations. Remuneration packages offered to employees are competitive and consistent with industry practice. Discretionary bonuses may be awarded to employees with outstanding performance after taking into consideration the performance of the Group.

The Group's subsidiaries in China participate in required retirement contribution schemes administered by relevant government authorities in China. The Group's employees in Hong Kong are all covered by retirement schemes adopted in accordance with the mandatory provident fund requirements under the applicable laws and regulations.

The Company also 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 out in the scheme, to accept options to be granted by the Group for subscription for the Shares. Up to the date of this announcement, 8,520,000 share options, 13,552,000 share options, 24,258,600 share options, 11,143,500 share options and 18,449,000 share options were granted under the share option scheme on 26 January 2006, 1 July 2007, 18 April 2008, 1 April 2009 and 31 March 2010, respectively, and approximately 114,764,200 share options (after taking into consideration the effect of the Bonus Issue (see note 8(b), page 32)) were outstanding as at 30 June 2010.

# Condensed Consolidated Balance Sheet

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

|                                                                |   | As at                          |                                  |
|----------------------------------------------------------------|---|--------------------------------|----------------------------------|
|                                                                |   | 30 June<br>2010<br>(Unaudited) | 31 December<br>2009<br>(Audited) |
|                                                                | N |                                |                                  |
| <b>ASSETS</b>                                                  |   |                                |                                  |
| <b>Non-current assets</b>                                      |   |                                |                                  |
| Leasehold land and land use rights                             | 5 | 906,666                        | 664,367                          |
| Property, plant and equipment                                  | 6 | 5,643,225                      | 4,787,849                        |
| Investment property                                            |   | 32,229                         | 32,229                           |
| Deposits for property, plant and equipment and land use rights |   | 393,145                        | 300,369                          |
| Intangible assets                                              |   | 94,721                         | 95,480                           |
| Available-for-sale financial assets                            |   | 575                            | 569                              |
| Interests in associates                                        |   | 44,752                         | 13,589                           |
| Deferred income tax assets                                     |   | 4,420                          | 8,819                            |
|                                                                |   | <u>7,119,733</u>               | <u>5,903,271</u>                 |
| <b>Current assets</b>                                          |   |                                |                                  |
| Inventories                                                    |   | 799,578                        | 678,172                          |
| Trade and other receivables                                    | 7 | 1,294,045                      | 843,528                          |
| Amounts due from customers for contract work                   |   | —                              | 27,057                           |
| Financial assets at fair value through profit or loss          |   | —                              | 14,330                           |
| Pledged bank deposits                                          |   | 1,108                          | 11,446                           |
| Cash and cash equivalents                                      |   | 387,011                        | 531,895                          |
|                                                                |   | <u>2,481,742</u>               | <u>2,106,428</u>                 |
| <b>Total assets</b>                                            |   | <u><b>9,601,475</b></u>        | <u><b>8,009,699</b></u>          |

# Condensed Consolidated Balance Sheet

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

|                                                                           |    | As at                          |                                  |
|---------------------------------------------------------------------------|----|--------------------------------|----------------------------------|
|                                                                           |    | 30 June<br>2010<br>(Unaudited) | 31 December<br>2009<br>(Audited) |
|                                                                           | N  |                                |                                  |
| <b>EQUITY</b>                                                             |    |                                |                                  |
| <b>Capital and reserves attributable to equity holders of the Company</b> |    |                                |                                  |
| Share capital                                                             | 8  | 354,172                        | 177,305                          |
| Share premium                                                             | 8  | 2,142,969                      | 2,334,321                        |
| Other reserves                                                            | 9  | 863,135                        | 810,561                          |
| Retained earnings                                                         |    |                                |                                  |
| – Dividend                                                                |    | 283,338                        | 265,629                          |
| – Others                                                                  |    | 2,184,255                      | 1,822,698                        |
|                                                                           |    | <hr/>                          | <hr/>                            |
|                                                                           |    | 5,827,869                      | 5,410,514                        |
| Non-controlling interests                                                 |    | 18,736                         | 20,072                           |
|                                                                           |    | <hr/>                          | <hr/>                            |
| <b>Total equity</b>                                                       |    | <b>5,846,605</b>               | <b>5,430,586</b>                 |
| <b>LIABILITIES</b>                                                        |    |                                |                                  |
| <b>Non-current liabilities</b>                                            |    |                                |                                  |
| Bank borrowings                                                           | 11 | 1,114,657                      | 522,495                          |
| Deferred income tax liabilities                                           |    | 5,113                          | 5,113                            |
| Other non-current liabilities                                             |    | 303,584                        | —                                |
|                                                                           |    | <hr/>                          | <hr/>                            |
|                                                                           |    | 1,423,354                      | 527,608                          |
| <b>Current liabilities</b>                                                |    |                                |                                  |
| Trade payables, accruals and other payables                               | 10 | 1,393,804                      | 1,361,779                        |
| Current income tax liabilities                                            |    | 64,149                         | 24,649                           |
| Bank borrowings                                                           | 11 | 788,231                        | 579,745                          |
| Provision for legal claim                                                 | 12 | 85,332                         | 85,332                           |
|                                                                           |    | <hr/>                          | <hr/>                            |
|                                                                           |    | 2,331,516                      | 2,051,505                        |
|                                                                           |    | <hr/>                          | <hr/>                            |
| <b>Total liabilities</b>                                                  |    | <b>3,754,870</b>               | <b>2,579,113</b>                 |
|                                                                           |    | <hr/>                          | <hr/>                            |
| <b>Total equity and liabilities</b>                                       |    | <b>9,601,475</b>               | <b>8,009,699</b>                 |
|                                                                           |    | <hr/>                          | <hr/>                            |
| <b>Net current assets</b>                                                 |    | <b>150,226</b>                 | <b>54,923</b>                    |
|                                                                           |    | <hr/>                          | <hr/>                            |
| <b>Total assets less current liabilities</b>                              |    | <b>7,269,959</b>               | <b>5,958,194</b>                 |
|                                                                           |    | <hr/>                          | <hr/>                            |

# Condensed Consolidated Income Statement

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

|                                                                                                                                                   |    | Unaudited<br>Six months ended 30 June |                                |
|---------------------------------------------------------------------------------------------------------------------------------------------------|----|---------------------------------------|--------------------------------|
|                                                                                                                                                   | N  | 2010                                  | 2009<br>(restated-<br>note 13) |
| Revenue                                                                                                                                           | 4  | 2,648,674                             | 1,628,249                      |
| Cost of sales                                                                                                                                     | 13 | (1,616,907)                           | (1,076,099)                    |
| <b>Gross profit</b>                                                                                                                               |    | <b>1,031,767</b>                      | <b>552,150</b>                 |
| Other income                                                                                                                                      | 4  | 2,463                                 | 2,395                          |
| Other gains - net                                                                                                                                 | 4  | 35,515                                | 7,179                          |
| Selling and marketing costs                                                                                                                       | 13 | (163,207)                             | (129,588)                      |
| Administrative expenses                                                                                                                           | 13 | (177,052)                             | (166,142)                      |
| <b>Operating profit</b>                                                                                                                           |    | <b>729,486</b>                        | <b>265,994</b>                 |
| Finance income                                                                                                                                    | 14 | 888                                   | 2,869                          |
| Finance costs                                                                                                                                     | 14 | (4,229)                               | (10,207)                       |
| Share of post-tax profits of associates                                                                                                           |    | 604                                   | 131                            |
| <b>Profit before income tax</b>                                                                                                                   |    | <b>726,749</b>                        | <b>258,787</b>                 |
| Income tax expense                                                                                                                                | 15 | (84,004)                              | (32,455)                       |
| <b>Profit for the period</b>                                                                                                                      |    | <b>642,745</b>                        | <b>226,332</b>                 |
| Attributable to:                                                                                                                                  |    |                                       |                                |
| – Equity holders of the Company                                                                                                                   |    | 641,840                               | 225,183                        |
| – Non-controlling interests                                                                                                                       |    | 905                                   | 1,149                          |
|                                                                                                                                                   |    | <b>642,745</b>                        | <b>226,332</b>                 |
| Interim dividend                                                                                                                                  | 16 | 283,338                               | 106,383                        |
| <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                                                                                                                                           | 17 | 18.1                                  | 6.5                            |
| – Diluted                                                                                                                                         | 17 | 18.0                                  | 6.5                            |

# Condensed Consolidated Statement of Comprehensive Income

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

|                                                                                                        | Unaudited<br>Six months ended 30 June |         |
|--------------------------------------------------------------------------------------------------------|---------------------------------------|---------|
|                                                                                                        | 2010                                  | 2009    |
| Profit for the period                                                                                  | 642,745                               | 226,332 |
| Other comprehensive income                                                                             |                                       |         |
| Currency translation differences                                                                       | 66,496                                | (4,992) |
| Cash flow hedge, net of tax                                                                            |                                       |         |
| – Effective portion of changes in fair value of<br>hedging instruments recognised during the<br>period | (19,450)                              | —       |
| Other comprehensive income for the period                                                              | 47,046                                | (4,992) |
| Total comprehensive income for the period                                                              | 689,791                               | 221,340 |
| Total comprehensive income for the period<br>attributable to:                                          |                                       |         |
| – Equity holders of the Company                                                                        | 688,685                               | 220,203 |
| – Non-controlling interests                                                                            | 1,106                                 | 1,137   |
|                                                                                                        | 689,791                               | 221,340 |

# Condensed Consolidated Statement of Changes in Equity

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

|                                                              | N  | Unaudited                                     |               |                |                   |           |              |
|--------------------------------------------------------------|----|-----------------------------------------------|---------------|----------------|-------------------|-----------|--------------|
|                                                              |    | Attributable to equity holders of the Company |               |                |                   |           | Total equity |
|                                                              |    | Share capital                                 | Share premium | Other reserves | Retained earnings | Total     |              |
| Balance at 31 December 2009 and 1 January 2010               |    | 177,305                                       | 2,334,321     | 810,561        | 2,088,327         | 5,410,514 | 5,430,586    |
| Total comprehensive income for the period ended 30 June 2010 |    | —                                             | —             | 46,845         | 641,840           | 688,685   | 689,791      |
| Employees share option scheme:                               |    |                                               |               |                |                   |           |              |
| – Value of employee services                                 |    | —                                             | —             | 8,784          | —                 | 8,784     | 8,784        |
| Repurchase and cancellation of the Company's Shares          |    |                                               |               |                |                   |           |              |
| – Nominal value of Shares                                    | 8  | (219)                                         | —             | 219            | (219)             | (219)     | (219)        |
| – Premium paid                                               |    | —                                             | (14,266)      | —              | —                 | (14,266)  | (14,266)     |
| Disposal of a subsidiary with loss of control                |    | —                                             | —             | (3,274)        | 3,274             | —         | —            |
| Bonus issue                                                  |    | 177,086                                       | (177,086)     | —              | —                 | —         | —            |
| Dividends paid to minority shareholders                      |    | —                                             | —             | —              | —                 | —         | (2,442)      |
| Dividends relating to 2009 paid in May 2010                  | 16 | —                                             | —             | —              | (265,629)         | (265,629) | (265,629)    |
|                                                              |    | 176,867                                       | (191,352)     | 5,729          | (262,574)         | (271,330) | (273,772)    |
| Balance at 30 June 2010                                      |    | 354,172                                       | 2,142,969     | 863,135        | 2,467,593         | 5,827,869 | 5,846,605    |

# Condensed Consolidated Statement of Changes in Equity

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

| N                                                                             | Unaudited                                     |               |                |                   |           |       | Non-controlling interests | Total equity |
|-------------------------------------------------------------------------------|-----------------------------------------------|---------------|----------------|-------------------|-----------|-------|---------------------------|--------------|
|                                                                               | Attributable to equity holders of the Company |               |                |                   |           | Total |                           |              |
|                                                                               | Share capital                                 | Share premium | Other reserves | Retained earnings |           |       |                           |              |
| Balance at 31 December 2008 and 1 January 2009                                | 168,808                                       | 1,829,174     | 728,323        | 1,643,027         | 4,369,332 |       | 20,204                    | 4,389,536    |
| Total comprehensive income for the period ended 30 June 2009                  | —                                             | —             | (4,980)        | 225,183           | 220,203   |       | 1,137                     | 221,340      |
| Proceeds from Share issued                                                    | 9,000                                         | 504,479       | —              | —                 | 513,479   |       | —                         | 513,479      |
| Proceeds from issue of Shares under the share option scheme                   | 15                                            | 371           | (57)           | —                 | 329       |       | —                         | 329          |
| Share options expired for the period                                          | —                                             | —             | —              | 1,137             | 1,137     |       | —                         | 1,137        |
| Repurchase and cancellation of the Company's Shares – Nominal value of Shares | (518)                                         | —             | 518            | —                 | —         |       | —                         | —            |
| Contribution from minority shareholders                                       | —                                             | —             | —              | —                 | —         |       | 19                        | 19           |
| Repurchase of Share in a subsidiary                                           | —                                             | —             | —              | —                 | —         |       | (2,067)                   | (2,067)      |
| Share-based payment                                                           | —                                             | —             | 8,127          | —                 | 8,127     |       | —                         | 8,127        |
| Dividend relating to 2008 16                                                  | —                                             | —             | —              | (151,475)         | (151,475) |       | —                         | (151,475)    |
|                                                                               | 8,497                                         | 504,850       | 8,588          | (150,338)         | 371,597   |       | (2,048)                   | 369,549      |
| Balance at 30 June 2009                                                       | 177,305                                       | 2,334,024     | 731,931        | 1,717,872         | 4,961,132 |       | 19,293                    | 4,980,425    |

# Condensed Consolidated Cash Flow Statement

|                                                      | Unaudited<br>Six months ended 30 June |           |
|------------------------------------------------------|---------------------------------------|-----------|
|                                                      | 2010                                  | 2009      |
| Cash flows from operating activities — net           | 262,007                               | 492,389   |
| Cash flows from investing activities — net           | (944,926)                             | (419,025) |
| Cash flows from financing activities — net           | 534,112                               | (42,933)  |
| Net (decrease)/increase in cash and cash equivalents | (148,807)                             | 30,431    |
| Cash and cash equivalents at beginning of the period | 531,895                               | 435,712   |
| Effect of foreign exchange rate changes              | 3,923                                 | (4,419)   |
| Cash and cash equivalents at 30 June                 | 387,011                               | 461,724   |

## Notes to the Condensed Consolidated Financial Information

Xinyi Glass Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) is principally engaged in the production and sales of automobile glass,

# Notes to the Condensed Consolidated Financial Information

Except as described below, the accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2009, as described in those 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.

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

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2010.

- HKFRS 3 (revised), 'Business combinations', and consequential amendments to HKAS 27, 'Consolidated and separate financial statements', HKAS 28, 'Investments in associates', and HKAS 31, 'Interests in joint ventures', are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with HKFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed.

# Notes to the Condensed Consolidated Financial Information

(C) d)

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

(C) d)

As the Group has adopted HKFRS 3 (revised), it is required to adopt HKAS 27 (revised), 'consolidated and separate financial statements', at the same time. HKAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognized in profit or loss.

## (B) STANDARDS, AMENDMENTS AND INTERPRETATIONS TO EXISTING STANDARDS EFFECTIVE IN 2010 BUT NOT RELEVANT TO THE GROUP

- HK(IFRIC)-Int 17, 'Distributions of non-cash assets to owners' is effective for annual periods beginning on or after 1 July 2009. This is not currently applicable to the Group, as it has not made any non-cash distributions.
- 'Additional exemptions for first-time adopters' (Amendment to HKFRS 1) is effective for annual periods beginning on or after 1 January 2010. This is not relevant to the Group, as it is an existing HKFRS preparer.
- HKAS 39 (Amendment), 'Eligible hedged items' is effective for annual period on or after 1 July 2009. The amendments have had no material impact on the Group's financial statements as the amendments were consistent with policies already adopted by the Group.
- HKFRS 2 (Amendment), 'Group cash - settled share-based payment transaction' is effective for annual periods beginning on or after 1 January 2010. This is not currently applicable to the Group, as it has not such share-based payment transactions.

# Notes to the Condensed Consolidated Financial Information

(C) (d)

## (B) STANDARDS, AMENDMENTS AND INTERPRETATIONS TO EXISTING STANDARDS EFFECTIVE IN 2010 BUT NOT RELEVANT TO THE GROUP (C) (d)

- First improvements to International Financial Reporting Standards (2008) were issued in May 2008 by the International Accounting Standards Board ("IASB") and October 2008 by the HKICPA. The improvement related to HKFRS 5 'Non-current assets held for sale and discontinued operations' is effective for annual period on or after 1 July 2009.
- Second improvements to International Financial Reporting Standards (2009) were issued in April 2009 by the IASB and May 2009 by the HKICPA. All improvements are effective in the financial year of 2010.

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) automobile glass, (2) construction glass, and (3) float glass and photovoltaic glass.

The Executive Directors assess the performance of the operating segments based on a measure of gross profit. The Group does not allocate operating costs to its segments information.

Sales between segments are carried out at terms mutually agreed by both 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

(C d)

The segment information for the period ended 30 June 2010:

|                                                                                                         | Unaudited           |                       |                                             |             |             |
|---------------------------------------------------------------------------------------------------------|---------------------|-----------------------|---------------------------------------------|-------------|-------------|
|                                                                                                         | Automobile<br>glass | Construction<br>glass | Float glass<br>and<br>photovoltaic<br>glass | Unallocated | Total       |
| Segment revenue                                                                                         | 1,086,168           | 388,065               | 1,597,332                                   | —           | 3,071,565   |
| Inter-segment revenue                                                                                   | —                   | —                     | (422,891)                                   | —           | (422,891)   |
| Revenue from external customers                                                                         | 1,086,168           | 388,065               | 1,174,441                                   | —           | 2,648,674   |
| Cost of sales                                                                                           | (670,721)           | (246,280)             | (699,906)                                   | —           | (1,616,907) |
| Gross profit                                                                                            | 415,447             | 141,785               | 474,535                                     | —           | 1,031,767   |
| Depreciation of property, plant and<br>equipment (Note 13)                                              | 43,786              | 31,079                | 72,098                                      | 766         | 147,729     |
| Amortisation                                                                                            |                     |                       |                                             |             |             |
| – leasehold land and land use<br>rights (Note 13)                                                       | 1,420               | 365                   | 5,001                                       | 120         | 6,906       |
| – intangible assets (Note 13)                                                                           | 686                 | —                     | 196                                         | —           | 882         |
| Provision for impairment of<br>trade and other receivables,<br>net (Note 13)                            | 675                 | (391)                 | —                                           | —           | 284         |
| Total assets                                                                                            | 2,144,804           | 1,898,471             | 5,311,057                                   | 247,143     | 9,601,475   |
| Total assets included:                                                                                  |                     |                       |                                             |             |             |
| Interests in associates                                                                                 | —                   | —                     | —                                           | 44,752      | 44,752      |
| Additions to non-current assets<br>(other than financial instruments<br>and deferred income tax assets) | 53,899              | 460,659               | 778,808                                     | —           | 1,293,366   |
| Total liabilities                                                                                       | 620,433             | 505,474               | 1,059,177                                   | 1,569,786   | 3,754,870   |

# Notes to the Condensed Consolidated Financial Information

(C d)

The segment revenue for the period ended 30 June 2009 and the segment assets and liabilities at 31 December 2009:

|                                                                                                   | Unaudited        |                    |                                    |             | Total       |
|---------------------------------------------------------------------------------------------------|------------------|--------------------|------------------------------------|-------------|-------------|
|                                                                                                   | Automobile glass | Construction glass | Float glass and photovoltaic glass | Unallocated |             |
| Segment revenue                                                                                   | 870,206          | 264,450            | 733,790                            | —           | 1,868,446   |
| Inter-segment revenue                                                                             | —                | —                  | (240,197)                          | —           | (240,197)   |
| Revenue from external customers                                                                   | 870,206          | 264,450            | 493,593                            | —           | 1,628,249   |
| Cost of sales                                                                                     | (469,508)        | (174,456)          | (432,135)                          | —           | (1,076,099) |
| Gross profit                                                                                      | 400,698          | 89,994             | 61,458                             | —           | 552,150     |
| Depreciation of property, plant and equipment                                                     | 43,146           | 18,640             | 58,330                             | 791         | 120,907     |
| Amortisation                                                                                      |                  |                    |                                    |             |             |
| – leasehold land and land use rights                                                              | 1,344            | 348                | 2,038                              | 269         | 3,999       |
| – intangible assets                                                                               | 686              | —                  | 196                                | —           | 882         |
| Provision for impairment of trade and other receivables, net                                      | 5,483            | 4,362              | 4,668                              | —           | 14,513      |
|                                                                                                   |                  |                    | Audited                            |             |             |
| Total assets                                                                                      | 2,121,740        | 1,242,002          | 4,324,687                          | 321,270     | 8,009,699   |
| Total assets included:                                                                            |                  |                    |                                    |             |             |
| Interest in an associate                                                                          | —                | —                  | —                                  | 13,589      | 13,589      |
| Additions to non-current assets (other than financial instruments and deferred income tax assets) | 163,907          | 169,068            | 1,084,302                          | 12,826      | 1,430,103   |
| Total liabilities                                                                                 | 645,962          | 153,889            | 831,899                            | 947,363     | 2,579,113   |

## Notes to the Condensed Consolidated Financial Information

(C) d)

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

|                                         | Unaudited<br>Six months ended 30 June |                |
|-----------------------------------------|---------------------------------------|----------------|
|                                         | 2010                                  | 2009           |
| Segment gross profit                    | 1,031,767                             | 552,150        |
| Unallocated:                            |                                       |                |
| Other income                            | 2,463                                 | 2,395          |
| Other gains - net                       | 35,515                                | 7,179          |
| Selling and marketing costs             | (163,207)                             | (129,588)      |
| Administrative expenses                 | (177,052)                             | (166,142)      |
| Finance income                          | 888                                   | 2,869          |
| Finance costs                           | (4,229)                               | (10,207)       |
| Share of post-tax profits of associates | 604                                   | 131            |
| Profit before income tax                | <u>726,749</u>                        | <u>258,787</u> |

# Notes to the Condensed Consolidated Financial Information

(C d)

Reportable segments assets/(liabilities) for the period ended 30 June 2010 and the year ended 31 December 2009 are reconciled to total assets/(liabilities) as follows:

|                                                          | Assets              |                   | Liabilities         |                   |
|----------------------------------------------------------|---------------------|-------------------|---------------------|-------------------|
|                                                          | 2010<br>(Unaudited) | 2009<br>(Audited) | 2010<br>(Unaudited) | 2009<br>(Audited) |
| Segment assets/(liabilities)                             | 9,354,331           | 7,688,429         | (2,185,084)         | (1,631,750)       |
| Unallocated:                                             |                     |                   |                     |                   |
| Property, plant and equipment                            | 78,336              | 109,651           | —                   | —                 |
| Interests in associates                                  | 44,752              | 13,589            | —                   | —                 |
| Available-for-sale financial assets                      | 575                 | 569               | —                   | —                 |
| Deferred income tax assets                               | 4,420               | 5,185             | —                   | —                 |
| Trade and other receivables                              | 2,055               | 44,648            | —                   | —                 |
| Financial assets at fair value<br>through profit or loss | —                   | 14,330            | —                   | —                 |
| Cash and cash equivalents                                | 117,006             | 133,298           | —                   | —                 |
| Trade payable, accruals and<br>other payables            | —                   | —                 | (19,835)            | (9,912)           |
| Deferred income tax liabilities                          | —                   | —                 | (5,113)             | (5,113)           |
| Current bank borrowings                                  | —                   | —                 | (430,181)           | (409,843)         |
| Non-current bank borrowings                              | —                   | —                 | (1,114,657)         | (522,495)         |
| Total assets/(liabilities)                               | 9,601,475           | 8,009,699         | (3,754,870)         | (2,579,113)       |

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

|                                             | Unaudited<br>Six months ended 30 June |           |
|---------------------------------------------|---------------------------------------|-----------|
|                                             | 2010                                  | 2009      |
| Sales of automobile glass                   | 1,086,168                             | 870,206   |
| Sales of construction glass                 | 388,065                               | 264,450   |
| Sales of float glass and photovoltaic glass | 1,174,441                             | 493,593   |
| Total                                       | 2,648,674                             | 1,628,249 |

## Notes to the Condensed Consolidated Financial Information

(C) d)

The Group's revenue is mainly derived from customers located in the Greater China (including Hong Kong and the 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 area of its customers is as follows:

|                 | Unaudited                |                  |
|-----------------|--------------------------|------------------|
|                 | Six months ended 30 June |                  |
|                 | 2010                     | 2009             |
| Greater China   | 1,720,517                | 802,727          |
| North America   | 330,527                  | 284,005          |
| Europe          | 150,858                  | 140,611          |
| Other countries | 446,772                  | 400,906          |
|                 | <u>2,648,674</u>         | <u>1,628,249</u> |

An analysis of the Group's non-current assets other than financial instruments and deferred income tax 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:

|                 | 30 June          | 31 December      |
|-----------------|------------------|------------------|
|                 | 2010             | 2009             |
|                 | (Unaudited)      | (Audited)        |
| Greater China   | 7,100,319        | 5,885,095        |
| North America   | 14,374           | 8,746            |
| Other countries | 45               | 42               |
|                 | <u>7,114,738</u> | <u>5,893,883</u> |

## Notes to the Condensed Consolidated Financial Information

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

|                                           | As at                          |                                  |
|-------------------------------------------|--------------------------------|----------------------------------|
|                                           | 30 June<br>2010<br>(Unaudited) | 31 December<br>2009<br>(Audited) |
| In Hong Kong, held on:                    |                                |                                  |
| Lease of between 10 to 50 years           | 2,764                          | 2,801                            |
| Outside Hong Kong, held on:               |                                |                                  |
| Land use rights of between 10 to 50 years | 903,902                        | 661,566                          |
|                                           | <u>906,666</u>                 | <u>664,367</u>                   |

  

|                      | As at                          |                                  |
|----------------------|--------------------------------|----------------------------------|
|                      | 30 June<br>2010<br>(Unaudited) | 31 December<br>2009<br>(Audited) |
| Beginning balance    | 664,367                        | 362,800                          |
| Exchange differences | 7,571                          | (328)                            |
| Addition             | 241,634                        | 310,619                          |
| Amortisation charge  | (6,906)                        | (8,724)                          |
|                      | <u>906,666</u>                 | <u>664,367</u>                   |

# Notes to the Condensed Consolidated Financial Information

Unaudited

|                                                 | Construction<br>in progress | Buildings | Plant and<br>machinery | Office<br>equipment | Total     |
|-------------------------------------------------|-----------------------------|-----------|------------------------|---------------------|-----------|
| Opening net book amount<br>as at 1 January 2010 | 573,878                     | 1,007,048 | 3,190,153              | 16,770              | 4,787,849 |
| Exchange differences                            | 6,458                       | 11,145    | 36,650                 | 151                 | 54,404    |
| Additions                                       | 929,218                     | 206       | 28,823                 | 708                 | 958,955   |
| Transfer upon completion                        | (769,834)                   | 85,865    | 683,835                | 134                 | —         |
| Disposals                                       | —                           | —         | (993)                  | (38)                | (1,031)   |
| Disposal of a subsidiary                        | —                           | —         | (506)                  | (3)                 | (509)     |
| Depreciation                                    | —                           | (18,593)  | (135,821)              | (2,029)             | (156,443) |
| Closing net book amount<br>as at 30 June 2010   | 739,720                     | 1,085,671 | 3,802,141              | 15,693              | 5,643,225 |

# Notes to the Condensed Consolidated Financial Information

|                                               | As at                          |                                  |
|-----------------------------------------------|--------------------------------|----------------------------------|
|                                               | 30 June<br>2010<br>(Unaudited) | 31 December<br>2009<br>(Audited) |
| Trade receivables (note (a))                  | 824,528                        | 535,018                          |
| Less: provision for impairment of receivables | (12,030)                       | (12,392)                         |
|                                               | <hr/>                          | <hr/>                            |
| Bills receivables (note (b))                  | 812,498                        | 522,626                          |
|                                               | 137,277                        | 111,735                          |
|                                               | <hr/>                          | <hr/>                            |
| Trade and bills receivables — net             | 949,775                        | 634,361                          |
| Prepayments, deposits and other receivables   | 344,270                        | 209,167                          |
|                                               | <hr/>                          | <hr/>                            |
|                                               | 1,294,045                      | 843,528                          |
|                                               | <hr/>                          | <hr/>                            |

- (a) The credit period granted by the Group to its customers is generally from 30 to 90 days. At 30 June 2010 and 31 December 2009, the ageing analysis of the Group's trade receivables were as follows:

|              | As at                          |                                  |
|--------------|--------------------------------|----------------------------------|
|              | 30 June<br>2010<br>(Unaudited) | 31 December<br>2009<br>(Audited) |
| 0-90 days    | 638,613                        | 436,440                          |
| 91-180 days  | 79,782                         | 51,434                           |
| 181-365 days | 90,834                         | 19,839                           |
| 1-2 years    | 7,091                          | 18,364                           |
| Over 2 years | 8,208                          | 8,941                            |
|              | <hr/>                          | <hr/>                            |
|              | 824,528                        | 535,018                          |
|              | <hr/>                          | <hr/>                            |

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

# Notes to the Condensed Consolidated Financial Information

| N                              | Unaudited           |                                    |               |           |
|--------------------------------|---------------------|------------------------------------|---------------|-----------|
|                                | Number of<br>Shares | Ordinary shares<br>of HK\$0.1 each | Share premium | Total     |
| Authorised:                    |                     |                                    |               |           |
| 31 December 2009               | 2,500,000,000       | 250,000                            | —             | 250,000   |
| Increase during the period     | 17,500,000,000      | 1,750,000                          | —             | 1,750,000 |
| As at 30 June 2010             | 20,000,000,000      | 2,000,000                          | —             | 2,000,000 |
| Issued and fully paid:         |                     |                                    |               |           |
| As at 1 January 2010           | 1,773,050,460       | 177,305                            | 2,334,321     | 2,511,626 |
| Repurchase and cancellation of |                     |                                    |               |           |
| Shares during the period (a)   | (2,190,000)         | (219)                              | (14,266)      | (14,485)  |
| Bonus Issue of Shares (b)      | 1,770,860,460       | 177,086                            | (177,086)     | —         |
|                                | 3,541,720,920       | 354,172                            | 2,142,969     | 2,497,141 |

N :

- (a) During the period, the repurchased Shares by the Company in January 2010 were cancelled. Accordingly, the issued share capital of the Company was reduced by the nominal value of these 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.

| Month of repurchase | Number of<br>Shares of<br>HK\$0.10 each | Highest<br>price<br>per Share<br>HK\$ | Lowest<br>price<br>per Share<br>HK\$ | Share<br>price consideration<br>paid<br>HK\$ |
|---------------------|-----------------------------------------|---------------------------------------|--------------------------------------|----------------------------------------------|
| January 2010        | 2,190,000                               | 6.69                                  | 6.54                                 | 14,436,000                                   |

# Notes to the Condensed Consolidated Financial Information

(C) d)

- (b) During the period, the Company allotted and issued 1,770,860,460 Shares in June 2010 by way of bonus issue (the “**Bonus Issue**”) on the basis of one new bonus Share for every existing Share held by the shareholders. The number of share options and their exercise prices (as stated in note (c) below) are restated accordingly as a result of the Bonus Issue.
- (c) Details of the movements in the number of share options outstanding and their related weighted average exercise prices, after taking into account the effect of the Bonus Issue, are as follows:

|                         | 2010                                                      |                        | 2009                                                                |                                  |
|-------------------------|-----------------------------------------------------------|------------------------|---------------------------------------------------------------------|----------------------------------|
|                         | Average<br>exercise<br>price in HK<br>dollar per<br>Share | Options<br>(thousands) | Average<br>exercise<br>price in HK<br>dollar per<br>Share<br>( a d) | Options<br>(thousands)<br>( a d) |
| At 1 January (restated) | 2.48                                                      | 83,294                 | 2.55                                                                | 79,872                           |
| Granted                 | 3.55                                                      | 36,898                 | 1.72                                                                | 22,288                           |
| Exercised               | —                                                         | —                      | 1.08                                                                | (306)                            |
| Lapsed                  | 2.69                                                      | (5,428)                | 2.73                                                                | (4,766)                          |
| Expired                 | —                                                         | —                      | 1.08                                                                | (8,394)                          |
| At 30 June              | 2.81                                                      | 114,764                | 2.48                                                                | 88,694                           |

As at 30 June 2010, no share option was exercisable (2009: Nil).

# Notes to the Condensed Consolidated Financial Information

## Share options outstanding at the end of the period (continued)

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

| Expiry date   | Exercise price (CNY) | Number of share options |
|---------------|----------------------|-------------------------|
|               | (CNY)                | (Number)                |
| 30 June 2011  | 3.49                 | 19,436                  |
| 31 March 2012 | 1.72                 | 20,145                  |
| 19 April 2013 | 2.34                 | 38,587                  |
| 31 March 2014 | 3.55                 | 36,596                  |
|               |                      | <hr/>                   |
|               |                      | 114,764                 |

# Notes to the Condensed Consolidated Financial Information

Unaudited

|                                                  | Statutory<br>reserve<br>fund | Enterprise<br>expansion<br>fund | Foreign<br>currency<br>translation<br>reserve | Capital<br>reserve | Share<br>options<br>reserve | Property<br>revaluation<br>reserve | Capital<br>redemption<br>reserve | Cash<br>flow<br>hedge<br>reserve | Total    |
|--------------------------------------------------|------------------------------|---------------------------------|-----------------------------------------------|--------------------|-----------------------------|------------------------------------|----------------------------------|----------------------------------|----------|
| Balance at 1 January 2010                        | 314,071                      | 45,866                          | 396,113                                       | 11,840             | 36,744                      | 624                                | 5,303                            | —                                | 810,561  |
| Currency translation differences                 | 3,610                        | 527                             | 62,158                                        | —                  | —                           | —                                  | —                                | —                                | 66,295   |
| Employees' share option scheme:                  |                              |                                 |                                               |                    |                             |                                    |                                  |                                  |          |
| — value of employee services                     | —                            | —                               | —                                             | —                  | 8,784                       | —                                  | —                                | —                                | 8,784    |
| Share repurchase and cancellation<br>(Note 8)    | —                            | —                               | —                                             | —                  | —                           | —                                  | 219                              | —                                | 219      |
| Disposal of a subsidiary with<br>loss of control | (2,695)                      | (579)                           | —                                             | —                  | —                           | —                                  | —                                | —                                | (3,274)  |
| Change in fair value of<br>cash flow hedge       | —                            | —                               | —                                             | —                  | —                           | —                                  | —                                | (19,450)                         | (19,450) |
| Balance at 30 June 2010                          | 314,986                      | 45,814                          | 458,271                                       | 11,840             | 45,528                      | 624                                | 5,522                            | (19,450)                         | 863,135  |

As at

|                             | 30 June<br>2010<br>(Unaudited) | 31 December<br>2009<br>(Audited) |
|-----------------------------|--------------------------------|----------------------------------|
| Trade payables (note (a))   | 326,972                        | 220,402                          |
| Bills payables (note (b))   | 213,004                        | 460,966                          |
|                             | <hr/>                          | <hr/>                            |
|                             | 539,976                        | 681,368                          |
| Accruals and other payables | 853,828                        | 680,411                          |
|                             | <hr/>                          | <hr/>                            |
|                             | 1,393,804                      | 1,361,779                        |
|                             | <hr/>                          | <hr/>                            |

## Notes to the Condensed Consolidated Financial Information

(C d)

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- (a) At 30 June 2010 and 31 December 2009, the ageing analysis of the trade payables were as follows:

|              | As at                          |                                  |
|--------------|--------------------------------|----------------------------------|
|              | 30 June<br>2010<br>(Unaudited) | 31 December<br>2009<br>(Audited) |
| 0-90 days    | 305,402                        | 207,772                          |
| 91-180 days  | 13,853                         | 7,216                            |
| 181-365 days | 2,620                          | 1,796                            |
| 1-2 years    | 2,960                          | 1,249                            |
| Over 2 years | 2,137                          | 2,369                            |
|              | <hr/>                          | <hr/>                            |
|              | 326,972                        | 220,402                          |
|              | <hr/>                          | <hr/>                            |

- (b) The maturities of bills payables are within 6 months.

# Notes to the Condensed Consolidated Financial Information

|                                           | As at                          |                                  |
|-------------------------------------------|--------------------------------|----------------------------------|
|                                           | 30 June<br>2010<br>(Unaudited) | 31 December<br>2009<br>(Audited) |
| <b>Non-current</b>                        |                                |                                  |
| Secured (note (a))                        | 1,294,438                      | 835,776                          |
| Less: Current portion                     | (179,781)                      | (313,281)                        |
|                                           | <hr/>                          | <hr/>                            |
| Shown as non-current liabilities          | 1,114,657                      | 522,495                          |
|                                           | <hr/>                          | <hr/>                            |
| <b>Current</b>                            |                                |                                  |
| Secured (note (a))                        | 436,737                        | 107,903                          |
| Unsecured                                 | 171,713                        | 158,561                          |
|                                           | <hr/>                          | <hr/>                            |
|                                           | 608,450                        | 266,464                          |
|                                           | <hr/>                          | <hr/>                            |
| Current portion of non-current borrowings | 179,781                        | 313,281                          |
|                                           | <hr/>                          | <hr/>                            |
| Shown as current liabilities              | 788,231                        | 579,745                          |
|                                           | <hr/>                          | <hr/>                            |
| Total bank borrowings                     | 1,902,888                      | 1,102,240                        |
|                                           | <hr/>                          | <hr/>                            |

*N* :

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

## Notes to the Condensed Consolidated Financial Information

(C) (d)

At 30 June 2010 and 31 December 2009, the Group's bank borrowings were repayable as follows:

|                       | As at                          |                                  |
|-----------------------|--------------------------------|----------------------------------|
|                       | 30 June<br>2010<br>(Unaudited) | 31 December<br>2009<br>(Audited) |
| Within 1 year         | 788,231                        | 579,745                          |
| Between 1 and 2 years | 455,810                        | 237,714                          |
| Between 2 and 5 years | 658,847                        | 284,781                          |
|                       | <u>1,902,888</u>               | <u>1,102,240</u>                 |

At 30 June 2010 and 31 December 2009, the carrying amounts of the Group's bank borrowings were denominated in the following currencies:

|                  | As at                          |                                  |
|------------------|--------------------------------|----------------------------------|
|                  | 30 June<br>2010<br>(Unaudited) | 31 December<br>2009<br>(Audited) |
| Hong Kong dollar | 1,558,830                      | 673,272                          |
| US dollar        | 277,580                        | 309,650                          |
| Renminbi         | 34,483                         | 119,318                          |
| Euro             | 31,995                         | —                                |
|                  | <u>1,902,888</u>               | <u>1,102,240</u>                 |

For the balance of 30 June 2010, out of the USD denominated bank borrowings of HK\$277,580,273, US\$31,600,000 was swapped into HK\$245,784,800 under a cross currency swap at the same maturity dates.

The carrying amounts of bank borrowings approximate at their fair values as at 30 June 2010 and 31 December 2009.

# Notes to the Condensed Consolidated Financial Information

(C d)

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

|                 | 30 June 2010 |      |      |      | 31 December 2009 |      |      |
|-----------------|--------------|------|------|------|------------------|------|------|
|                 | HK\$         | US\$ | RMB  | EUR  | HK\$             | US\$ | RMB  |
| Bank borrowings | 1.4%         | 1.9% | 5.3% | 1.5% | 1.1%             | 1.5% | 4.6% |

|                                              | As at                       |                               |
|----------------------------------------------|-----------------------------|-------------------------------|
|                                              | 30 June 2010<br>(Unaudited) | 31 December 2009<br>(Audited) |
| At the beginning of the period               | 85,332                      | —                             |
| Charged to the consolidated income statement | —                           | 85,332                        |
|                                              | <u>85,332</u>               | <u>85,332</u>                 |

The amount represents a provision for a US legal claim brought against one Canadian subsidiary and one PRC subsidiary of the Group by an overseas competitor of the automobile glass segment.

As disclosed by the Group in its announcement dated 12 November 2009, a verdict was issued by a jury in the United States District Court for the Northern District of Ohio in the United States on 10 November 2009 against Xinyi Glass (North America), Inc. and Xinyi Automobile Glass (Shenzhen) Co., Ltd. for infringements of certain patents held by Saint-Gobain (as defined in the announcement) in the US. The alleged infringements relate to the sales of plastic profiled spacers affixed on certain windshield products by the Group to the US market during the period between June 2002 and June 2009 (being the last expiry date of the relevant patents held by Saint-Gobain (as defined in the announcement)).

## Notes to the Condensed Consolidated Financial Information

(C) (d)

The verdict requires the Group to pay damages to Saint-Gobain (as defined in the announcement) in an aggregate amount of approximately US\$10.9 million (equivalent to approximately HK\$85.33 million) which the Group has made the full provision in the audited accounts for the year ended 31 December 2009. The Directors believe the provision made is reasonable at current stage and with the legal advice available. The matter subsequently proceeded to the post-trial motion stage in which the plaintiff submitted motions to request the payment of additional amount of damages, the interest accrued thereon and reimbursement of legal fees.

On 31 March 2010 (EST), pursuant to a motion filed by Saint-Gobain, the United States District Court for the Northern District of Ohio in the United States granted a judgement in favour of Saint-Gobain for an aggregate amount of approximately US\$24.19 million (equivalent to approximately HK\$188.68 million). The amount includes (i) damages of approximately US\$21.89 million (equivalent to approximately HK\$170.73 million), representing two times the original amount of damages, i.e. approximately US\$10.94 million, awarded by the jury under the verdict in November 2009, (ii) attorney's fee of approximately US\$1.95 million (equivalent to approximately HK\$15.22 million) and (iii) costs of approximately US\$0.35 million (equivalent to approximately HK\$2.72 million). Hence, Xinyi Glass (North America) and Xinyi Automobile Glass are now required to pay Saint-Gobain in total an aggregate amount of approximately US\$24.19 million (equivalent to approximately HK\$188.68 million) instead of the original amount of US\$10.94 million.

The Board disagrees with the judgement and will take all necessary steps to appeal and seek reversal of the judgement in the relevant appellate courts in the United States. The Board will also seek an order from the court on deferral of the payment of judgement year and audited financial statements' the outcome of the appeal.

## Notes to the Condensed Consolidated Financial Information

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

|                                                                                 | Unaudited<br>For the six months<br>ended 30 June |                  |
|---------------------------------------------------------------------------------|--------------------------------------------------|------------------|
|                                                                                 | 2010                                             | 2009<br>(aud)    |
| Depreciation and amortisation                                                   | 155,517                                          | 127,101          |
| Employee benefit expenses                                                       | 190,826                                          | 126,377          |
| Cost of inventories                                                             | 1,148,884                                        | 807,674          |
| Other selling expenses (including transportation and advertising costs)         | 93,049                                           | 56,336           |
| Operating lease payments in respect of land and buildings                       | 2,540                                            | 2,168            |
| Impairment of trade and other receivables, net                                  | 284                                              | 14,513           |
| Refunds of the overpaid export Value Added Tax                                  | —                                                | (89,644)         |
| Other expenses, net                                                             | 366,066                                          | 327,304          |
| Total of cost of sales, selling and marketing costs and administrative expenses | <u>1,957,166</u>                                 | <u>1,371,829</u> |

# Notes to the Condensed Consolidated Financial Information

## FINANCE INCOME

|                                                     | Unaudited<br>For the six months<br>ended 30 June |              |
|-----------------------------------------------------|--------------------------------------------------|--------------|
|                                                     | 2010                                             | 2009         |
| Interest income on short-term bank deposits         | 653                                              | 2,119        |
| Interest income on loan advanced<br>to an associate | 235                                              | 750          |
|                                                     | <u>888</u>                                       | <u>2,869</u> |

## FINANCE COSTS

|                                                                       | Unaudited<br>For the six months<br>ended 30 June |               |
|-----------------------------------------------------------------------|--------------------------------------------------|---------------|
|                                                                       | 2010                                             | 2009          |
| Interest on bank borrowings                                           | 10,542                                           | 13,636        |
| Less: interest expenses capitalised under<br>construction in progress | (6,313)                                          | (3,429)       |
|                                                                       | <u>4,229</u>                                     | <u>10,207</u> |

# Notes to the Condensed Consolidated Financial Information

|                                | Unaudited<br>For the six months<br>ended 30 June |               |
|--------------------------------|--------------------------------------------------|---------------|
|                                | 2010                                             | 2009          |
| Current income tax             |                                                  |               |
| — Hong Kong profits tax (a)    | 9,210                                            | 757           |
| — PRC corporate income tax (b) | 69,374                                           | 30,595        |
| — Overseas taxation (c)        | 1,021                                            | 5,622         |
| Deferred income tax            | 4,399                                            | (4,519)       |
|                                | <u>84,004</u>                                    | <u>32,455</u> |

Notes:

(a) Hong Kong profits tax

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 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 "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. Certain PRC subsidiaries are entitled to tax holiday and the profits are fully exempted from CIT for two years starting from its first year of profitable operations after offsetting prior year tax losses, followed by 50% reduction in CIT in next three years.

# Notes to the Condensed Consolidated Financial Information

(C d)

N : (C d)

(b) PRC corporate income tax (C d)

Under the new CIT Law, entities currently enjoying tax holidays will continue to enjoy them until they expire. The CIT rate applicable to the PRC subsidiaries under tax holiday and applying reduced CIT rate will be gradually increase to 25% in 2013 after a 5-year period from 2008 to 2012. The applicable CIT rate for subsidiaries located in Shenzhen and Dongguan is 22% (2009: 20%) and 25% (2009: 25%), respectively.

(c) Overseas income tax

Taxation on overseas profits has been calculated on the estimated assessable profits for the periods ended 30 June 2010 and 2009 at the rates of taxation prevailing in the countries in which the Group operates.

(d) Dividend

|                                                                                 | Unaudited<br>For the six months<br>ended 30 June |                |
|---------------------------------------------------------------------------------|--------------------------------------------------|----------------|
|                                                                                 | 2010                                             | 2009           |
| Final dividend paid for 2009 of 15.0 HK cents<br>(2008: 9.0 HK cents) per Share | 265,629                                          | 151,475        |
| Interim dividend of 8.0 HK cents<br>(2009: 6.0 HK cents) per Share              | 283,338                                          | 106,383        |
|                                                                                 | <u>548,967</u>                                   | <u>257,858</u> |

N : At a meeting of the Board held on 2 August 2010, the Directors declared an interim dividend of 8.0 HK cents per share for the six months ended 30 June 2010. 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 ending 30 June 2010.

# Notes to the Condensed Consolidated Financial Information

## 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, after taking into account the effect of the Bonus Issue, during the period.

|                                                                 | Unaudited<br>For the six months<br>ended 30 June |               |
|-----------------------------------------------------------------|--------------------------------------------------|---------------|
|                                                                 | 2010                                             | 2009<br>(aud) |
| Profit attributable to equity holders of the Company (HK\$'000) | 641,840                                          | 225,183       |
| Weighted average number of Shares in issue (thousands)          | 3,542,000                                        | 3,467,062     |
| Basic earnings per Share (HK cents per Share)                   | 18.1                                             | 6.5           |

## DILUTED

Diluted earnings per Share is calculated adjusting the weighted average number of Shares outstanding to assume conversion of all dilutive potential Shares and adjusting for the Bonus Issue in June 2010 (as stated in note 8(b)). The diluted potential Share of the Company is the Share options. The adjustment for Share options is determined by the number of Shares that could have been acquired at fair value (determined as the average annual market price of the Company's Shares) 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.

# Notes to the Condensed Consolidated Financial Information

(Continued)

**DILUTED** (Continued)

|                                                                                                                 | Unaudited<br>For the six months<br>ended 30 June |                   |
|-----------------------------------------------------------------------------------------------------------------|--------------------------------------------------|-------------------|
|                                                                                                                 | 2010                                             | 2009<br>(Audited) |
| Profit attributable to equity holders of the Company and use to determine diluted earnings per Share (HK\$'000) | 641,840                                          | 225,183           |
| Weighted average number of Shares in issue (thousands)                                                          | 3,542,000                                        | 3,467,062         |
| Adjustments for share options (thousands)                                                                       | 26,523                                           | 1,528             |
| Weighted average number of Shares for diluted earnings per Shares (thousands)                                   | 3,568,523                                        | 3,468,590         |
| Diluted earnings per Share (HK cents per Share)                                                                 | 18.0                                             | 6.5               |

## CAPITAL COMMITMENTS

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

|                                   | As at                          |                                  |
|-----------------------------------|--------------------------------|----------------------------------|
|                                   | 30 June<br>2010<br>(Unaudited) | 31 December<br>2009<br>(Audited) |
| Property, plant and equipment     |                                |                                  |
| Contracted but not provided for   | 1,178,911                      | 905,717                          |
| Authorised but not contracted for | 1,024,435                      | 1,674,190                        |
|                                   | 2,203,346                      | 2,579,907                        |

## Further Information on the Group

With the Group achieving an outstanding profitability for the six months ended 30 June 2010, the Directors are pleased to recommend and declare an interim dividend of 8.0 HK cents per Share of the Company for the six months ended 30 June 2010 (2009: 6.0 HK cents), to be paid to all shareholders of the Company with their names recorded on the register of members of the Company at the close of business on Thursday, 19 August 2010.

The Company's register of members will therefore be closed from Tuesday, 17 August 2010 to Thursday, 19 August 2010 (both days inclusive), and during such period no transfer of Shares will be registered. In order to qualify for the interim dividend, all transfer of Shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration by 4:30 p.m. on Monday, 16 August 2010.

The Company repurchased its own Shares on the Stock Exchange in January 2010. The repurchased Shares were subsequently cancelled. Accordingly, the issued share capital of the Company was reduced by the nominal value of these 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<br>Shares of<br>HK\$0.10 each | Highest<br>price per<br>Share<br>HK\$ | Lowest<br>price per<br>Share<br>HK\$ | Share<br>consideration<br>paid<br>HK\$ |
|---------------------|-----------------------------------------|---------------------------------------|--------------------------------------|----------------------------------------|
| January 2010        | 2,190,000                               | 6.69                                  | 6.54                                 | 14,436,000                             |

## Further Information on the Group

### Share Issuance and Share Repurchase

The Company allotted and issued 1,770,860,460 Shares in June 2010 by way of Bonus Issue on the basis of one new bonus Share for every existing Share held by the shareholders.

Save as disclosed herein, 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 Listing Rules

During the six months ended 30 June 2010, the Company complied with the applicable code provisions of the Code on Corporate Governance Practices set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

### Compliance with the Model Code

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out 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 2010.

### Audit Committee

The Company’s interim results for the six months ended 30 June 2010 have not been audited but have been reviewed by the Company’s audit committee, comprising the three 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 Code on Corporate Governance Practices.

## Further Information on the Group

As at 30 June 2010, 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

| Name of Director      | Nature of interest                         | Number of<br>Shares held | Percentage of<br>the Company's<br>issued<br>share capital |  |
|-----------------------|--------------------------------------------|--------------------------|-----------------------------------------------------------|--|
|                       |                                            |                          |                                                           |  |
| Mr. LEE Yin Yee, M.H. | Interest of a controlled corporation (N a) | 708,054,058              | 19.99%                                                    |  |
|                       | Interest of a controlled corporation (N )  | 47,268,000               | 1.33%                                                     |  |
|                       | Personal interest (N b)                    | 25,560,000               | 0.72%                                                     |  |
| Mr. TUNG Ching Bor    | Interest of a controlled corporation (N c) | 260,455,852              | 7.35%                                                     |  |
|                       | Interest of a controlled corporation (N )  | 47,268,000               | 1.33%                                                     |  |
|                       | Personal interest (N d)                    | 17,200,000               | 0.49%                                                     |  |
| Mr. TUNG Ching Sai    | Interest of a controlled corporation (N )  | 241,091,164              | 6.81%                                                     |  |
|                       | Interest of a controlled corporation (N )  | 47,268,000               | 1.33%                                                     |  |
|                       | Personal interest (N )                     | 49,288,000               | 1.39%                                                     |  |
| Mr. LI Ching Wai      | Interest of a controlled corporation (N )  | 115,758,156              | 3.27%                                                     |  |
|                       | Interest of a controlled corporation (N )  | 47,268,000               | 1.33%                                                     |  |
| Mr. NG Ngan Ho        | Interest of a controlled corporation (N )  | 77,172,104               | 2.18%                                                     |  |
|                       | Interest of a controlled corporation (N )  | 47,268,000               | 1.33%                                                     |  |
|                       | Personal interest                          | 2,200,000                | 0.06%                                                     |  |

## Further Information on the Group

THE COMPANY (CONDENSED)  
 THE COMPANY (CONDENSED)

### THE COMPANY (CONDENSED)

THE COMPANY (CONDENSED)

| Name of Director   | Nature of interest                        | Number of<br>Shares held | Percentage of<br>the Company's<br>issued<br>share capital |
|--------------------|-------------------------------------------|--------------------------|-----------------------------------------------------------|
|                    |                                           |                          |                                                           |
| Mr. LI Man Yin     | Interest of a controlled corporation (N ) | 77,172,104               | 2.18%                                                     |
|                    | Interest of a controlled corporation (N ) | 47,268,000               | 1.33%                                                     |
|                    | Personal interest (N )                    | 1,200,000                | 0.03%                                                     |
| Mr. SZE Nang Sze   | Interest of a controlled corporation (N ) | 106,227,000              | 3.00%                                                     |
|                    | Interest of a controlled corporation (N ) | 47,268,000               | 1.33%                                                     |
| Mr. LI Ching Leung | Interest of a controlled corporation (N ) | 77,172,104               | 2.18%                                                     |
|                    | Interest of a controlled corporation (N ) | 47,268,000               | 1.33%                                                     |
|                    | Personal interest (N )                    | 2,400,000                | 0.07%                                                     |

Notes:

- 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.
- Mr. LEE Yin Yee, M.H.'s interests in the Shares are held through a joint account with his spouse, Madam TUNG Hai Chi.
- 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

Mr. TUNG Ching Bor's interests in the Shares are held through a joint account with his spouse, Madam KUNG Sau Wai.

### THE COMPANY (Continued)

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.

Mr. TUNG Ching Sai's interests in the Shares are held through his spouse, Madam SZE Tang Hung.

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.

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.

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.

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.

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.

(C)  (D) 

$$L \quad S a \quad (C \quad d)$$

(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.

(ii) 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) The interest in the Shares is 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, M.H. 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%.

(C) (d)

| Name of associated corporation   | Name of Director      | Class and number of shares held in the associated corporation | Approximate shareholding percentage |
|----------------------------------|-----------------------|---------------------------------------------------------------|-------------------------------------|
| Realbest (N )                    | Mr. LEE Yin Yee, M.H. | 2 ordinary shares                                             | 100%                                |
| High Park (N )                   | Mr. TUNG Ching Bor    | 2 ordinary shares                                             | 100%                                |
| Copark (N )                      | Mr. TUNG Ching Sai    | 2 ordinary shares                                             | 100%                                |
| Telerich Investment Limited (N ) | Mr. LEE Yau Ching     | 2 ordinary shares                                             | 100%                                |
| Goldbo (N )                      | Mr. LI Ching Wai      | 2 ordinary shares                                             | 100%                                |
| Linkall (N )                     | Mr. NG Ngan Ho        | 2 ordinary shares                                             | 100%                                |
| Perfect All (N )                 | Mr. LI Man Yin        | 2 ordinary shares                                             | 100%                                |
| Goldpine (N )                    | Mr. SZE Nang Sze      | 2 ordinary shares                                             | 100%                                |
| Herosmart (N )                   | Mr. LI Ching Leung    | 2 ordinary shares                                             | 100%                                |

## Further Information on the Group

本公司之附屬公司包括以下之公司（「附屬公司」）：

### ASSOCIATED CORPORATIONS (附屬公司)

附屬公司：

- (n) Realbest is wholly-owned by Mr. LEE Yin Yee, M.H.
- (o) High Park is wholly-owned by Mr. TUNG Ching Bor.
- (p) Copark is wholly-owned by Mr. TUNG Ching Sai.
- (q) Telerich Investment Limited is wholly-owned by Mr. LEE Sing Din, father of Mr. LEE Yau Ching.
- (r) Goldbo is wholly-owned by Mr. LI Ching Wai.
- (s) Linkall is wholly-owned by Mr. NG Ngan Ho.
- (t) Perfect All is wholly-owned by Mr. LI Man Yin.
- (u) Goldpine is wholly-owned by Mr. SZE Nang Sze.
- (v) Herosmart is wholly-owned by Mr. LI Ching Leung.

## Further Information on the Group

### Interests and short positions of the Directors and chief executive of the Company

As at 30 June 2010, 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

| Name of Shareholders                    |  | Number of<br>Shares held | Capacity                           | Percentage of<br>the Company's<br>issued<br>share capital |
|-----------------------------------------|--|--------------------------|------------------------------------|-----------------------------------------------------------|
| Realbest                                |  | 708,054,058              | Registered and<br>beneficial owner | 19.99%                                                    |
| High Park                               |  | 260,455,852              | Registered and<br>beneficial owner | 7.35%                                                     |
| Copark                                  |  | 241,091,164              | Registered and<br>beneficial owner | 6.81%                                                     |
| Telerich Investment Limited<br>(Note 1) |  | 245,643,378              | Registered and<br>beneficial owner | 6.94%                                                     |

Note 1: 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.

## Corporate Information

Mr. LEE Yin Yee, M.H. (C a a )<sup>° ~ <</sup>  
 Mr. TUNG Ching Bor (V c C a a )  
 Mr. TUNG Ching Sai  
 (C E c O c )<sup>° <</sup>  
 Mr. LEE Shing Kan  
 Mr. LEE Yau Ching  
 Mr. LI Man Yin

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

Mr. LAM Kwong Siu, S.B.S. # \* ° + <  
 Mr. WONG Chat Chor Samuel # ° <  
 Mr. WONG Ying Wai, S.B.S., JP # ° <

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

Mr. LAU Sik Yuen, CPA, AICPA

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PricewaterhouseCoopers  
 Certified Public Accountants  
 22nd Floor, Prince's Building  
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# Corporate Information

Australia and New Zealand Bank  
Bank of China (Hong Kong)  
Citibank, N.A.  
Hang Seng Bank  
HSBC  
KBC Bank N.V.  
Standard Chartered Bank  
Sumitomo Mitsui Banking Corporation  
Agricultural Bank of China  
Bank of Communications  
Bank of China  
Hui Shang Bank  
Industrial Bank

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<http://www.xinyiglass.com>

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: 3,541,720,920 Shares  
Share price as at  
the date of this  
interim report: HK\$3.51  
Market  
capitalisation  
as at the date  
of this interim  
report: Approximately  
HK\$12.431 billion

Closure of register of members:  
From 17 August 2010  
to 19 August 2010  
(both days inclusive)  
Proposed interim dividend payable date:  
On or before 13 September 2010