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XINYI GLASS HOLDINGS LIMITED

信義玻璃控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00868)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

FINANCIAL HIGHLIGHTS

- The total revenue of the Group in 2021 amounted to HK\$30,459.1 million, representing an increase of 63.6% as compared with the total revenue in 2020.
- The profit attributable to equity holders of the Company for 2021 reached HK\$11,555.9 million, representing an increase of 79.9% as compared with the profit attributable to equity holders of the Company for 2020.
- Basic earnings per share for 2021 were 287.0 HK cents.
- The Directors propose a final cash dividend of 76.0 HK cents per share for 2021.

FINAL RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

The board of directors of Xinyi Glass Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the financial year ended 31 December 2021 as follows:

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

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

	<i>Note</i>	2021	2020
Revenue	4	30,459,120	18,615,879
Cost of sales		<u>(14,681,992)</u>	<u>(10,844,444)</u>
Gross profit		15,777,128	7,771,435
Other income		614,216	463,961
Other gains, net	5	115,146	888,996
Selling and marketing costs		(1,562,216)	(958,661)
Administrative and other operating expenses		(2,446,005)	(1,788,855)
Net impairment losses on financial assets		<u>(26,252)</u>	<u>(15,880)</u>
Operating profit		12,472,017	6,360,996
Finance income		66,374	37,773
Finance costs		(155,060)	(192,768)
Share of profits of associates		1,185,743	1,124,341
Impairment of an associate		<u>(67,353)</u>	<u>—</u>
Profit before income tax		13,501,721	7,330,342
Income tax expense	6	<u>(1,931,041)</u>	<u>(899,083)</u>
Profit for the year		<u>11,570,680</u>	<u>6,431,259</u>
Profit attributable to:			
– equity holders of the Company		11,555,887	6,422,213
– non-controlling interests		<u>14,793</u>	<u>9,046</u>
Profit for the year		<u>11,570,680</u>	<u>6,431,259</u>
Earnings per share for profit attributable to the equity holders of the Company during the year (expressed in Hong Kong cents per share)			
– Basic	7	287.0	159.5
– Diluted	7	<u>283.4</u>	<u>158.8</u>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

	2021	2020
Profit for the year	11,570,680	6,431,259
Other comprehensive income, net of tax:		
Items that will not be reclassified subsequently to the consolidated income statement:		
Changes in fair value of financial assets at fair value through other comprehensive loss	(3,731)	(22,746)
Dilution of interest in an associate	—	14,050
Items that may be reclassified subsequently to the consolidated income statement:		
Currency translation differences	901,468	1,945,649
Share of other comprehensive income of investments accounted for using the equity method	188,060	408,834
Total comprehensive income for the year	<u>12,656,477</u>	<u>8,777,046</u>
Total comprehensive income attributable to:		
Equity holders of the Company	12,641,089	8,765,710
Non-controlling interests	15,388	11,336
Total comprehensive income for the year	<u>12,656,477</u>	<u>8,777,046</u>

**CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2021**

	<i>Note</i>	2021	2020
ASSETS			
Non-current assets			
Property, plant and equipment		18,784,533	17,141,977
Right-of-use assets		4,586,664	3,813,922
Investment properties		1,661,384	1,734,122
Prepayments for property, plant and equipment and right-of-use assets	9	475,329	654,196
Intangible assets		894,245	484,375
Financial assets at fair value through other comprehensive income		25,275	29,006
Investments in associates		9,482,532	8,230,998
Loans to an associate		30,577	—
Fixed bank deposits		1,015,381	—
Deferred income tax assets		110,802	41,790
		<u>37,066,722</u>	<u>32,130,386</u>
Current assets			
Inventories		4,169,163	2,496,254
Loans to an associate		—	657
Trade and other receivables	9	5,668,580	4,916,167
Financial assets at fair value through profit and loss		314,456	223,553
Pledged bank deposits		59,360	59,518
Cash and cash equivalents		9,220,384	5,244,554
		<u>19,431,943</u>	<u>12,940,703</u>
Total assets		<u><u>56,498,665</u></u>	<u><u>45,071,089</u></u>
EQUITY			
Equity attributable to the equity holders of the Company			
Share capital		401,866	403,950
Share premium		—	535,560
Other reserves		5,717,742	3,661,450
Retained earnings		28,479,039	23,280,614
		<u>34,598,647</u>	<u>27,881,574</u>
Non-controlling interests		<u>107,877</u>	<u>91,775</u>
Total equity		<u><u>34,706,524</u></u>	<u><u>27,973,349</u></u>

	<i>Note</i>	2021	2020
LIABILITIES			
Non-current liabilities			
Bank and other borrowings		10,890,056	7,794,815
Deferred income tax liabilities		454,475	409,954
Lease liabilities		21,513	52,417
Other payables	10	140,313	146,211
		<u>11,506,357</u>	<u>8,403,397</u>
Current liabilities			
Trade, other payables and contract liabilities	10	4,305,662	3,917,129
Current income tax liabilities		1,346,578	967,180
Lease liabilities		30,867	30,841
Bank and other borrowings		4,602,677	3,779,193
		<u>10,285,784</u>	<u>8,694,343</u>
Total liabilities		<u>21,792,141</u>	<u>17,097,740</u>
Total equity and liabilities		<u>56,498,665</u>	<u>45,071,089</u>

Notes to the Consolidated Financial Statements

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

1 GENERAL INFORMATION

Xinyi Glass Holdings Limited and its subsidiaries were principally engaged in the production and sales of float glass, automobile glass and architectural glass, which were carried out internationally, through the production complexes located in Mainland China (the “**PRC**”) and Malaysia in 2021.

The Company is a limited liability company incorporated in the Cayman Islands. The shares of the Company are listed on The Main Board of The Stock Exchange of Hong Kong Limited.

These consolidated financial statements are presented in thousands of units of Hong Kong dollars (**HK\$’000**), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 28 February 2022.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants and in compliance with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). The consolidated financial statements have been prepared under the historical cost convention, except for financial assets at fair value through other comprehensive income (“**FVOCI**”), financial assets at fair value through profit and loss (“**FVTPL**”) and investment properties, which are measured at fair values.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

Changes in accounting policy and disclosures

- (a) The following new standards and amendments to existing standards are mandatory for accounting periods beginning on or after 1 January 2021. The adoption of these new standards and amendments to existing standards does not have any significant impact to the results and financial position of the Group:

HKFRS 16 (Amendments)	Covid-19-Related Rent Concessions
HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 (Amendments)	Interest Rate Benchmark Reform Phase 2

- (b) New standards, amendments to existing standards and interpretations have been issued but are not effective for the financial year beginning on 1 January 2021 and have not been early adopted:

		Effective for accounting periods beginning on or after
Annual Improvements Project	Annual Improvements 2018 – 2020 Cycle	1 January 2022
HKAS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
HKFRS 3 (Amendments)	Reference to the Conceptual Framework	1 January 2022
HKAS 16 (Amendments)	Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
Accounting Guideline 5 (Amendments)	Merger Accounting for Common Control Combinations	1 January 2022
HKFRS 17	Insurance Contract	1 January 2023
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023

		Effective for accounting periods beginning on or after
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023
HKAS 8 (Amendments)	Definition of Accounting Estimates	1 January 2023
HKAS 12 (Amendments)	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023

4 SEGMENT INFORMATION

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

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

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

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

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

The segment information provided to the executive directors for the reportable segments as at and for the year ended 31 December 2021 is as follows:

	Automobile		Architectural	Unallocated	Total
	Float glass	glass	glass		
Segment revenue	25,601,836	5,457,050	3,094,567	—	34,153,453
Inter-segment revenue	(3,694,333)	—	—	—	(3,694,333)
Revenue from external customers (Note)	21,907,503	5,457,050	3,094,567	—	30,459,120
Cost of sales	(10,131,281)	(2,885,616)	(1,665,095)	—	(14,681,992)
Gross profit	<u>11,776,222</u>	<u>2,571,434</u>	<u>1,429,472</u>	<u>—</u>	<u>15,777,128</u>
Depreciation charge					
– property, plant and equipment	1,090,865	150,153	153,768	6,047	1,400,833
– right-of-use assets	63,652	5,948	2,406	58,415	130,421
Amortisation charge					
– intangible assets	41	1,455	—	—	1,496
Increase in provision					
for loss allowance, net	19,414	1,782	5,056	—	26,252
Share of profits of associates	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,185,743</u>	<u>1,185,743</u>

Note: The Group's revenue from all segments during the year ended 31 December 2021 have been recognised at point in time.

	Assets and liabilities				
	Automobile		Architectural	Unallocated	Total
	Float glass	glass	glass		
Total assets	<u>24,773,808</u>	<u>6,859,595</u>	<u>2,342,013</u>	<u>22,523,249</u>	<u>56,498,665</u>
Total assets included:					
Investments in associates	—	—	—	9,482,532	9,482,532
Loans to an associate	—	—	—	30,577	30,577
Investment properties	—	—	—	1,661,384	1,661,384
Additions to non-current assets (other than financial assets at FVOCI)	<u>3,254,413</u>	<u>265,969</u>	<u>127,210</u>	<u>2,613,722</u>	<u>6,261,314</u>
Total liabilities	<u>3,228,410</u>	<u>1,354,779</u>	<u>554,638</u>	<u>16,654,314</u>	<u>21,792,141</u>

The segment information provided to the executive directors for the reportable segments as at and for the year ended 31 December 2020 is as follows:

	Automobile		Architectural		
	Float glass	glass	glass	Unallocated	Total
Segment revenue	14,169,688	4,608,976	2,212,161	—	20,990,825
Inter-segment revenue	(2,374,946)	—	—	—	(2,374,946)
Revenue from external customers (Note)	11,794,742	4,608,976	2,212,161	—	18,615,879
Cost of sales	(7,170,288)	(2,432,070)	(1,242,086)	—	(10,844,444)
Gross profit	<u>4,624,454</u>	<u>2,176,906</u>	<u>970,075</u>	<u>—</u>	<u>7,771,435</u>
Depreciation charge					
– property, plant and equipment	820,080	144,532	102,105	2,322	1,069,039
– right-of-use assets	37,590	6,167	1,236	53,774	98,767
Amortisation charge					
– intangible assets	—	1,791	—	—	1,791
Increase in provision					
for loss allowance, net	—	3,130	12,750	—	15,880
Share of profits of associates	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,124,341</u>	<u>1,124,341</u>

Note: The Group's revenue from all segments during the year ended 31 December 2020 have been recognised at point in time.

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

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

	2021	2020
Segment gross profit	15,777,128	7,771,435
Unallocated:		
Other income	614,216	463,961
Other gains, net	115,146	888,996
Selling and marketing costs	(1,562,216)	(958,661)
Administrative and other operating expenses	(2,446,005)	(1,788,855)
Net impairment losses on financial assets	(26,252)	(15,880)
Finance income	66,374	37,773
Finance costs	(155,060)	(192,768)
Share of profits of associates	1,185,743	1,124,341
Impairment of an associate	(67,353)	—
Profit before income tax	<u>13,501,721</u>	<u>7,330,342</u>

Reportable segment assets/(liabilities) are reconciled to total assets/(liabilities) as follows:

	Assets		Liabilities	
	2021	2020	2021	2020
Segment assets/(liabilities)	33,975,416	29,417,414	(5,137,827)	(4,302,742)
Unallocated:				
Property, plant and equipment	1,611,041	1,478,451	—	—
Right-of-use assets	2,667,514	2,190,874	—	—
Investment properties	1,661,384	1,734,122	—	—
Prepayments for property, plant and equipment and right-of-use assets	3,873	1,633	—	—
Financial assets at FVOCI	25,275	29,006	—	—
Financial assets at FVTPL	314,456	223,553	—	—
Investments in associates	9,482,532	8,230,998	—	—
Balances with associates	30,577	657	—	—
Prepayments, deposits and other receivables	1,159,428	775,093	—	—
Cash and bank balances	5,567,169	989,288	—	—
Other payables	—	—	(820,749)	(626,354)
Current income tax liabilities	—	—	(198,299)	(185,118)
Deferred income tax liabilities	—	—	(448,307)	(409,518)
Bank and other borrowings	—	—	(15,186,959)	(11,574,008)
Total assets/(liabilities)	<u>56,498,665</u>	<u>45,071,089</u>	<u>(21,792,141)</u>	<u>(17,097,740)</u>

The amounts provided to the executive directors with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment.

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

	2021	2020
Sales of float glass	21,907,503	11,794,742
Sales of automobile glass	5,457,050	4,608,976
Sales of architectural glass	3,094,567	2,212,161
Total	<u>30,459,120</u>	<u>18,615,879</u>

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

	2021	2020
Greater China	23,699,971	13,636,338
North America	2,233,865	1,963,977
Other countries	4,525,284	3,015,564
	<u>30,459,120</u>	<u>18,615,879</u>

An analysis of the Group's non-current assets other than financial assets at FVOCI by geographical area in which the assets are located is as follows:

	2021	2020
Greater China	34,939,253	30,025,323
Malaysia	2,095,262	2,068,201
Other countries	6,932	7,856
	<u>37,041,447</u>	<u>32,101,380</u>

None of a single customer accounted for 10% or more of the Group's revenue for the year ended 31 December 2021 (2020: None).

Sales of goods are recognised at a point in time when a group entity has delivered products to the customers, the customer has accepted the products and collectability of the related receivables is reasonably assured.

5 OTHER GAINS, NET

Included in other gains, net, there was a loss on disposal of investment properties of HK\$22.8 million during the year ended 31 December 2020.

6 INCOME TAX EXPENSE

	2021	2020
Current income tax		
– Hong Kong profits tax (<i>Note (a)</i>)	44,695	30,235
– PRC corporate income tax (<i>Note (b)</i>)	1,494,675	721,441
– Overseas income tax (<i>Note (c)</i>)	262,030	29,582
– Under provision in prior years	26,396	15,668
– Withholding tax on remitted earnings (<i>Note (d)</i>)	179,859	109,073
Deferred income tax		
– Increase in deferred income tax assets	(69,155)	(2,227)
– Decrease in deferred income tax liabilities	(7,459)	(4,689)
	<u>1,931,041</u>	<u>899,083</u>

Notes:

(a) Hong Kong profits tax

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profit for the year.

(b) PRC corporate income tax (“CIT”)

CIT is provided on the estimated taxable profits of the subsidiaries established in the PRC for the year, calculated in accordance with the relevant tax rules and regulations.

The applicable CIT rates in the PRC is 25% (2020: 25%). Fourteen (2020: Thirteen) major subsidiaries in Deyang, Dongguan, Guangxi, Jiangmen, Shenzhen, Tianjin, Wuhu, Yingkou and Zhangjiagang enjoy high-tech enterprise income tax benefit and are entitled to a preferential tax treatment of reduction in the CIT rate to 15% (2020: 15%).

(c) Overseas income tax

Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the Group operates. Overseas income tax mainly represents Malaysia income tax which has been calculated on the estimated assessable profits for the year at the standard Malaysia corporate income tax rate of 24% (2020: 24%).

(d) Withholding tax on remitted earnings

Withholding tax on remitted earnings from the PRC subsidiaries is 5%.

7 EARNINGS PER SHARE

BASIC:

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue after taking into account the effect of the issuance of new shares and share repurchased and cancellation during 2021 and 2020.

	2021	2020
Profit attributable to equity holders of the Company	<u>11,555,887</u>	<u>6,422,213</u>
Weighted average number of ordinary shares in issue (thousands)	<u>4,026,807</u>	<u>4,026,601</u>
Basic earnings per share (HK cents per share)	<u><u>287.0</u></u>	<u><u>159.5</u></u>

DILUTED:

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The dilutive potential ordinary shares of the Company are share options. The calculation for share options is determined by the number of shares that could have been acquired at fair value (determined as the average annual market share 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.

	2021	2020
Earnings		
Profit attributable to equity holders of the Company	11,555,887	6,422,213
Share of profit of an associate as a result of diluted earnings at associate level	<u>(1,785)</u>	<u>(1,525)</u>
Profit used to determine diluted earnings per share	<u>11,554,102</u>	<u>6,420,688</u>
Weighted average number of ordinary shares in issue (thousands)	4,026,807	4,026,601
Adjustments for:		
Share options (thousands)	<u>49,979</u>	<u>15,605</u>
Weighted average number of ordinary shares for diluted earnings per share (thousands)	<u>4,076,786</u>	<u>4,042,206</u>
Diluted earnings per share (HK cents per share)	<u><u>283.4</u></u>	<u><u>158.8</u></u>

8 DIVIDENDS

	2021	2020
Interim dividend paid of HK\$0.66 (2020: HK\$0.17) per share (<i>Note (a)</i>)	2,668,081	685,921
Proposed final dividend of HK\$0.76 (2020: HK\$0.62) per share (<i>Note (b)</i>)	<u>3,054,228</u>	<u>2,512,470</u>
	<u><u>5,722,309</u></u>	<u><u>3,198,391</u></u>

Notes:

- (a) An interim dividend of HK\$0.66 per share (2020: HK\$0.17 per share) was paid to shareholders whose names appeared on the register of members of the Company on 19 August 2021 (2020: 17 August 2020).
- (b) A final dividend in respect of the financial year ended 31 December 2021 of HK\$0.76 per share (2020: HK\$0.62 per share), amounting to a total dividend of HK\$3,054,228,000 (2020: HK\$2,504,830,000), is to be proposed at the forthcoming annual general meeting. The amount of 2021 proposed final dividend is based on 4,018,720,547 shares in issue as at 31 January 2022 (2020: 4,052,370,347 shares in issue as at 1 June 2021). These consolidated financial statements do not reflect this dividend payable.

9 TRADE AND OTHER RECEIVABLES

	2021	2020
Trade receivables (<i>Note (a)</i>)	1,868,613	1,448,055
Less: provision for loss allowance (<i>Note (b)</i>)	<u>(62,523)</u>	<u>(37,444)</u>
	1,806,090	1,410,611
Bills receivables (<i>Note (d)</i>)	<u>2,231,792</u>	<u>1,821,724</u>
Trade and bills receivables, net	4,037,882	3,232,335
Prepayments, deposits and other receivables	<u>2,106,027</u>	<u>2,338,028</u>
	6,143,909	5,570,363
Less: non-current portion		
Prepayments for property, plant and equipment and right-of-use assets	<u>(475,329)</u>	<u>(654,196)</u>
Current portion	<u><u>5,668,580</u></u>	<u><u>4,916,167</u></u>

Notes:

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

	2021	2020
0 - 90 days	1,484,202	1,127,390
91 - 180 days	219,696	157,229
181 - 365 days	66,943	69,325
1 - 2 years	52,902	71,836
Over 2 years	<u>44,870</u>	<u>22,275</u>
	<u><u>1,868,613</u></u>	<u><u>1,448,055</u></u>

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	2021	2020
RMB	735,615	842,062
USD	1,032,798	531,110
HKD	3,275	3,916
Other currencies	96,925	70,967
	<u>1,868,613</u>	<u>1,448,055</u>

(b) Movements in the Group's provision for loss allowance of trade receivables are as follows:

	2021	2020
At 1 January	37,444	41,481
Currency translation differences	270	2,123
Increase in provision for loss allowance of trade receivables, net	26,252	15,880
Receivables written off during the year	(1,443)	(22,040)
At 31 December	<u>62,523</u>	<u>37,444</u>

The provision for loss allowance of trade receivables has been included in "administrative and other operating expenses" in the consolidated income statement. The amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The Group applies HKFRS 9 simplified approach to measure provision for loss allowance which uses a lifetime expected loss allowance for all trade receivables.

- (c) The top five customers and the largest customer accounted for approximately 14.5% (2020: 9.6%) and 8.6% (2020: 3.2%) of the trade and bill receivables balance as at 31 December 2021, respectively. Other than these major customers, there is no concentration of credit risk with respect to trade receivables as the Group has a large number of customers.

The other classes within trade and other receivables do not contain impaired assets.

- (d) All bills receivables are issued by licensed banks in the PRC with maturities ranging within 12 months (2020: 12 months).
- (e) The carrying amounts of trade and other receivables approximate their fair values.
- (f) The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

10 TRADE, OTHER PAYABLES AND CONTRACT LIABILITIES

	2021	2020
Trade payables (<i>Note (a)</i>)	1,483,859	1,396,216
Bills payable (<i>Note (b)</i>)	—	74,379
	<hr/>	<hr/>
	1,483,859	1,470,595
Other payables	2,308,305	2,093,400
Contract liabilities (<i>Note (d)</i>)	653,811	499,345
Less: non-current portion		
Other payables	(140,313)	(146,211)
	<hr/>	<hr/>
Current portion	<u>4,305,662</u>	<u>3,917,129</u>

Note(s):

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

	2021	2020
0 - 90 days	1,305,146	1,274,881
91 - 180 days	54,776	38,905
181 - 365 days	57,317	32,254
1 - 2 years	29,257	18,608
Over 2 years	37,363	31,568
	<u>1,483,859</u>	<u>1,396,216</u>

- (b) Bills payable have maturities ranging within 6 months (2020: 6 months).
- (c) The carrying amounts of trade payables and other payables approximate their fair values.
- (d) The Group receives payments from customers based on billing schedule as established in contracts. Payments are usually received in advance of the performance under the contracts which are mainly from sales of glass products.

The following table shows the amount of the revenue recognised in the current reporting period relates to contract liabilities balance at the beginning of the year.

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	<u>499,345</u>	<u>348,047</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

The Group is engaged in the production and sales of a wide range of glass products, including automobile glass, energy-saving architectural glass, high-quality float glass and other glass products for different commercial and industrial applications. These glass products are manufactured at production facilities which are strategically located in the PRC and Malaysia. In the PRC, the Group's facilities are established in Shenzhen, Dongguan and Jiangmen in Guangdong Province, Wuhu in Anhui Province, Tianjin, Yingkou in Liaoning Province, Deyang in Sichuan Province, Zhangjiagang in Jiangsu Province, Beihai in Guangxi Zhuang Autonomous Region and Chengmai County in Hainan Province. In Malaysia, the Group operates a production facility in Malacca. In addition to the glass products, the Group also produces rubber and plastic components for automobiles.

The Group's customers are in over 140 countries and territories, including the PRC, Hong Kong, the United States, Canada, Australia, New Zealand and other countries in Asia, the Middle East, Europe, Africa and the Americas. The Group's customers include companies engaged in the businesses of automobile glass manufacturing, wholesale and distribution, automobile repair, motor vehicle manufacturing, curtain wall engineering and installation, architectural and furniture glass manufacturing, electronic and household appliance manufacturing and float glass wholesale and distribution.

Business Review

As a result of the appreciation of RMB in the second half of the year and the fact that the PRC is the first country experiencing economic recovery without significant production interruption following the COVID-19 pandemic, the Group's three glass product businesses, namely float glass, automobile glass and architectural glass, have experienced different growth rates in the sales volume and the selling prices.

The Group maintains its leading position in the global glass industry in 2021 due to the strong demand for high-quality float glass and architectural glass in the PRC and automobile glass in the global market. In 2021, revenue of the Group marked a significant growth of 63.6% to HK\$30,459.1 million, as compared with HK\$18,615.9 million in 2020. Profit for the year attributable to the equity holders of the Company surged by 79.9% to HK\$11,555.9 million, as compared with HK\$6,422.2 million in 2020. The compound annual growth rate of the Group's sales during the five-year period including 2021 was 19.9%. Basic earnings per share amounted to 287.0 HK cents, a significant growth of 79.9% as compared to 2020. The Board proposes to declare a final cash dividend of 76.0 HK cents per share, subject to the approval by the shareholders of the Company at the forthcoming annual general meeting (the "AGM").

Operational Review

Sales

Sales increased by 63.6% in 2021, principally due to sales volume growth and increase in selling prices of float glass, architectural glass and automobile glass products in the PRC and in the global market.

The tables below set forth the Group's sales by products and by geographical regions:

	Year Ended 31 December			
	2021		2020	
	<i>HK\$'million</i>	<i>%</i>	<i>HK\$'million</i>	<i>%</i>
By Products				
Float glass products	21,907.5	71.9	11,794.7	63.4
Automobile glass products (<i>Note (a)</i>)	5,457.0	17.9	4,609.0	24.8
Architectural glass products	3,094.6	10.2	2,212.2	11.8
	<u>30,459.1</u>	<u>100.0</u>	<u>18,615.9</u>	<u>100.0</u>

Note:

- (a) Included sales of automobile glass and automobile rubber and plastic components on an original equipment manufacturing (“OEM”) basis and on aftermarkets basis, respectively.

	Year Ended 31 December			
	2021		2020	
	<i>HK\$'million</i>	<i>%</i>	<i>HK\$'million</i>	<i>%</i>
By Geographical Regions				
Greater China (<i>Note (a)</i>)	23,700.0	77.8	13,636.3	73.3
North America	2,233.9	7.3	1,964.0	10.5
Others (<i>Note (b)</i>)	4,525.2	14.9	3,015.6	16.2
	<u>30,459.1</u>	<u>100.0</u>	<u>18,615.9</u>	<u>100.0</u>

Notes:

- (a) Greater China include the PRC and Hong Kong.
- (b) Others include Europe, Australia, New Zealand, Africa, the Middle East, Central America, South America and other countries.

Cost of Sales

The increase in production costs is largely attributable to the increase in production volume of float glass, automobile glass and architectural glass. In the second half of 2021, soda ash and energy prices in the PRC increased significantly. Improved production efficiency, effective cost control measures and the use of renewable energy have led to a lower increment rate of the cost of sales of 35.4% to HK\$14,682.0 million in 2021, compared with HK\$10,844.4 million in 2020. As such percentage of increase was lower than that in sales, the profitability of the Group increased as a result.

Gross Profit

Gross profit in 2021 was HK\$15,777.1 million, representing an increase of 103.0%, as compared with HK\$7,771.4 million in 2020. The overall gross profit margin has increased from 41.7% to 51.8% principally due to the increase in the average selling prices of float glass products.

Other Income

Other income increased to HK\$614.2 million, as compared with HK\$464.0 million in 2020. The increase was mainly due to the PRC government grants received in 2021.

Other Gains, Net

Net other gains decreased by 87.1% and amounted to HK\$115.1 million in 2021, as compared with net other gains of HK\$889.0 million in 2020. The drop was principally due to two non-recurring dilution gains from the share placements of Xinyi Solar Holdings Limited (“**Xinyi Solar**”) in the second half of 2020.

Selling and Marketing Costs

The Group’s selling and marketing costs increased by 63.0% to HK\$1,562.2 million in 2021, in line with the sales growth rate. The increment was principally due to the increase in both domestic and overseas transportation costs and additional import tariff imposed by the US.

Administrative and Other Operating Expenses

The Group’s administrative and other operating expenses increased by 36.7% to HK\$2,446.0 million in 2021, mainly due to the increase in employee expenses and benefits for the new production complexes, as well as an increase in research and development expenses.

Finance Costs

The Group's finance costs decreased significantly by 19.6% to HK\$155.1 million in 2021 mainly due to the drop in the HIBOR rate during the year. A portion of the interest expense incurred as construction-in-progress and acquisition of plant and machinery at the production complexes in Beihai, Yingkou and Zhangjiagang was capitalised under construction-in-progress, and will be depreciated subsequently once the related production facilities and the new production lines commence commercial operation. An interest expense amounting to HK\$21.3 million was capitalised under construction-in-progress in 2021, which was a significant drop of 66.7% as compared to HK\$63.9 million in 2020. The lesser capitalised interest expense represented a lower self-building capital expenditure incurred in 2021.

Earnings Before Interest, Taxation, Depreciation and Amortisation (“EBITDA”)

EBITDA increased by 74.7% to HK\$15,123.2 million for the year ended 31 December 2021, as compared with HK\$8,654.9 million in 2020.

Income Tax Expense

The Group's income tax expense increased significantly by 114.8% to HK\$1,931.0 million in 2021 due to higher profits generated and more PRC dividend withholding tax paid during the year. The effective tax rate increased to 14.3%. The effective tax rate was lower than the standard tax rates mainly due to more profits generated by our subsidiaries that are qualified for the preferential PRC high-tech enterprise CIT tax rate of 15%.

The PRC dividend withholding tax of HK\$179.9 million was paid in 2021.

A total amount of RMB2,255.0 million dividends from the Group's PRC subsidiaries were re-invested in other PRC subsidiaries that no withholding tax has been recognised in according to the PRC dividend withholding tax rules under current PRC taxation policies in 2021.

Net Profit

Net profit attributable to equity holders of the Company was HK\$11,555.9 million in 2021, representing an increase of 79.9%, as compared with HK\$6,422.2 million in 2020. Net profit margin increased to 37.9% in 2021.

Current Ratio

The Group's current ratio as of 31 December 2021 was 1.89, as compared with 1.49 as of 31 December 2020.

Net Current Assets

As of 31 December 2021, the Group had net current assets of HK\$9,146.2 million, as compared with HK\$4,246.4 million as of 31 December 2020. The increase was in line with the increases in the current ratio and net profit.

Capital Expenditure and Commitments

For the year ended 31 December 2021, the Group incurred an aggregate capital expenditure of HK\$4,042.6 million (2020: HK\$3,772.9 million) for the purchase of plant and machinery and the construction of factory premises in the PRC and Malaysia, which included the acquisition costs of a float glass factory in Hainan Province. Capital commitments contracted for but not incurred by the Group as of 31 December 2021 amounted to HK\$1,368.2 million (2020: HK\$862.4 million), which were mainly related to the proposed investment in a polysilicon project in Yunnan Province and new production capacity of architectural glass, automobile glass and float glass, planned to be added in the PRC and Malaysia.

Capital Structure

There has been no material change in the capital structure of the Company during the year. The capital of the Group companies comprises the ordinary shares.

Financial Resources and Liquidity

In 2021, the Group's primary source of funding included cash generated from its operating activities and the new banking facilities provided by its principal banks in Hong Kong and the PRC. Net cash inflow from operating activities amounted to HK\$10,947.1 million (2020: HK\$4,504.3 million) as a result of a substantial increase in net profit for the year and efficient working capital management which led to a net cash surplus from operations. As of 31 December 2021, the Group had cash and bank balances (including fixed deposits and pledged bank deposits) of HK\$10,295.1 million (2020: HK\$5,304.1 million).

Bank Borrowings

As of 31 December 2021, the Group's bank and other borrowings amounted to HK\$15,492.7 million representing an increase of 33.9% as compared with a balance of HK\$11,574.0 million as of 31 December 2020 because of the increase in capital expenditure during the year.

The Group's net debt gearing ratio as of 31 December 2021 was 15.1% (31 December 2020: 22.4%). This ratio was calculated by dividing the net bank debt, which is calculated as total borrowings less cash and cash equivalents, bank balances, fixed bank deposits and pledged bank deposits, by the total equity of the Group as of 31 December 2021.

Pledge of Assets

As of 31 December 2021, a bank balance of HK\$59.4 million has been pledged as collateral principally for import duties payable to the US government.

Employees and Remuneration Policy

As of 31 December 2021, the Group had 14,706 full-time employees: 13,769 were based in the PRC and 937 were based in Hong Kong and other countries and territories. The Group maintains good relationship with all of its employees and provides employees with sufficient training in business and professional knowledge including information about the applications of the Group's products and skills in maintaining good client relationship. Remuneration packages offered to the Group's employees are generally consistent with prevailing markets terms and reviewed on a regular basis. Discretionary bonuses may be awarded to employees taking into consideration the Group's performance and that of individual staff.

Pursuant to applicable laws and regulations, the Group has participated in relevant defined contribution retirement schemes administered by responsible government authorities in the PRC for its employees there. The Group's employees in Hong Kong are all participating in mandatory provident fund arrangements as required by the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong).

Treasury Policies and Exposure to Fluctuations in Foreign Exchange Rates

The Group has adopted treasury policies for the purpose of optimising the use of readily-available financial resources for the business needs of its different subsidiaries. The Directors believe that such treasury policies are an integral part of the business operations of the Group and are beneficial to the Group as a whole by reducing the costs and interests that may otherwise be borne by its relevant subsidiaries in arranging the required banking facilities to meet obligations. For example, the Group has adopted a centralised approach in managing funds available to its headquarters, subsidiaries and branches, including cash, bank deposits, securities, bills and other financial instruments. These assets, such as bills and financial instruments, are managed and arranged amongst subsidiaries of the Group through proper endorsements or transfers to the different subsidiaries so they can be fully utilised to meet the Group's payment obligations with minimal financing cost. The Group closely monitors the level of use and the value of each of these transactions only represents an immaterial part of its total assets and undertakings. The Directors believe that these policies promote the efficient use of the Group's financial resources.

In addition, the treasury policies of the Group also include mechanisms to mitigate its foreign exchange risks. The Group mainly operates in the PRC with most of its significant transactions denominated and settled in RMB and in US Dollars (“USD”). The exchange rate fluctuations between the RMB and the USD or the RMB and the Hong Kong dollar (“HKD”), the reporting currency of the Group, could affect the Group’s performance and asset value. The Directors do not foresee the Group is subject to any significant foreign exchange risk for transactions conducted in HKD or USD. The exchange rate fluctuations between the Malaysian Ringgit (“MYR”) and the HKD could also affect the Group’s performance and asset value.

Because of the appreciation in the exchange rate of the RMB in the second half of 2021, the Group reported non-cash translation increases in the exchange reserve of its consolidated balance sheet — when converting RMB-denominated assets into HKD. For the year ended 31 December 2021, an exchange reserve increase of HK\$1,088.9 million was recorded as foreign currency translations reserve movement. As a result, the balance of the consolidated foreign currency translations reserve account recorded a credit balance of HK\$1,830.4 million as of 31 December 2021 as compared with a credit balance of HK\$741.6 million as of 31 December 2020.

Relating to the Group’s PRC business, revenue from the sales of glass products is denominated in RMB whilst most bank borrowings are denominated in HKD. In implementing its treasury policies, the Group maintained a deliberate balance between the currency risk and the interest savings arising from HKD-denominated bank borrowings. As of 31 December 2021, all bank borrowings of the Group were denominated in HKD.

The Group has not experienced any material difficulties and liquidity issues resulting from currency exchange fluctuations. During the year ended 31 December 2021, the Group has not used any financial instrument for hedging purposes.

CONTINGENT LIABILITIES

As of 31 December 2021, the Group did not have any significant contingent liability (31 December 2020: Nil).

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES

Save as disclosed in this announcement, there was no material acquisition and disposal of subsidiaries and associated companies during the year ended 31 December 2021.

EVENT AFTER THE REPORTING PERIOD

No significant events have taken place subsequent to 31 December 2021 and up to the date of this announcement.

BUSINESS REVIEW

The PRC glass industry has a strong rebound in 2021 due to the strong demand from the overseas markets, supply-side reform and the new national initiatives

A solid economic recovery has been evident in the PRC since mid-2021 following the outbreak of COVID-19 pandemic. The Group's operations in the automobile glass, architectural glass and the float glass segments encountered different challenges and more importantly, opportunities that emerged.

In spite of the challenges, the Group managed to achieve outstanding results by its comprehensive efforts. On cost control, the Group implemented stringent policies on production costs and energy conservation. On its product offerings, the Group focuses on offering high value-added and structure-upgraded glass products, refinement in the product mix of float glass and automobile glass, and addition of new float glass production capacities in Beihai and Zhangjiagang. As for operations, the Group streamlined production logistics

and adopted effective marketing strategies for its architectural glass and automobile glass divisions. The appreciation of Renminbi also creates a favourable environment for the business growth of the Group.

The PRC's float glass industry has experienced strong demand in 2021. This has been reflected in a strong increase in the average selling prices during the first three quarters of 2021, primarily driven by the high completion rate of real estate sector in the PRC. In addition, the PRC government is still restricting the granting of new approval for new capacity of float glass, thus limiting float glass supplies, in order to achieve the nation's carbon neutral policy.

With more buildings scheduled to be completed in 2021, the new architectural glass projects and sales volume of architectural glass products posted impressive growth, even though construction projects slowed down slightly at the fourth quarter due to tight capital chains of property developers in the PRC. The demand for architectural energy-saving Low-E glass has been strong in the first three quarters of the year. As a result, supported by aggressive marketing strategy and a wide range of value-added and advanced structured glass products, the Group has maintained a reasonable growth in sales of the architectural glass segment.

Our marketing and production strategies for automobile glass in 2021 focused on tackling challenges on the extra import tariff imposed by the US government and the increase in the international freight costs, as well as achieving a sales growth seizing the opportunities of economic rebound after the wake of COVID-19 pandemic. We have developed new glass products for applications on advanced driver assistance systems (“**ADAS**”), head up displays (“**HUD**”), sound proofing, low-e coating, sunroofs, and value-added parts that are suitable for both new and existing car models, and are ready to be launched as and when appropriate.

At the same time, the Group has been exploring new customers opportunities in the PRC and overseas while strengthening existing customers relationships to increase sales volume for both new and existing product models. The Group's automobile glass products are sold in over 130 countries or territories.

As one of the major players in the global glass industry, the Group has secured its market-leading position and enhanced its economies of scale through strategic expansion and acquisition of production capacities across different product segments, that incorporate streamlined production process at different locations in the PRC and Malaysia. The Group has also acquired additional float glass production facilities in the PRC for the purpose of increasing the production capacity under the national supply-side reform policy during the year.

The Group has also implemented a series of measures that contributed to our strong performance of the year. Such measures include enhancing cost controls on the supply and consumption of raw materials, owning and operating our silica sand mines and supply chain and recycling of principal raw materials. Furthermore, the Group has also re-engineered its production process to boost production efficiency, employed rooftop distributed solar power generation system and low-temperature recycling residual heat power co-generation systems to generate electricity and hot water for internal consumption and implemented energy conservation scheme, which at the same time are also in line with the national carbon neutral policy.

To maintain its competitiveness, the Group has developed and launched a range of unique glass products with high value-added features, accessories and specialties, while adopted proactive pricing and flexible marketing strategies, to make use of the favorable policies implemented under the Thirteenth Five-Year Plan of the PRC government.

Improved productivity, product quality, technology and economies of scale to enhance production efficiency and new products development by new research and development (“R&D”) investments

Continuing R&D investments by the Group in production engineering, information technology, big data analysis, environmental control, and carbon neutrality awareness as well as improvements made to the production process, automation and equipment maintenance programs, have enhanced its productivity and yield rate, thus, reducing the carbon emissions, wastage, overall labour, production and energy costs during the year.

The Group's engineering and design division has designed the latest world-class, environmental friendly and larger capacity float glass production lines in the PRC and Malaysia. The economies of scale have enabled the generation of significant cost savings in the procurement and production process and they also facilitated the increased efficiency in the use of fuel and principal raw materials. To further control the energy costs and carbon emissions, the Group increasingly uses clean environmental-friendly energy by employing the rooftop distributed solar power generation system and the low-temperature recycling residual heat power co-generation systems to support the electricity consumption.

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

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

Expansion of high value-added product mix and global coverage which enhances the Group's overall competitiveness

While the COVID-19 pandemic was prevalent and markets were competitive, the Group achieved remarkable results in the automobile glass, architectural glass and high-quality float glass businesses. It was a remarkable performance that demonstrated the Group's diversified business segments, integrated production chain, global market coverage, upgraded product structure, state-of-art production lines and the expanded high value-added product mix could ease operational pressures and risks in any specific business segment or country despite an uncertain and competitive market environment.

Strong financial position and resources to future expansion

The Group has solid financial position with HK\$10,295.1 million bank deposits and cash on hand with a low net debt gearing ratio of 15.1% as at 31 December 2021. The Group's strong credit history and the low HIBOR environment resulted in its effective borrowing rate at 0.94%. During the year, the Group has obtained a total of HK\$5,300 million green loans, demonstrating its ability to secure financing from multiple channels to support capital expenditure and future expansion.

BUSINESS OUTLOOK

Through its continued adoption of advanced technologies at its facilities and unifying management to further improve operational efficiency, the Group will continue to adopt and enhance flexible strategies in production and supply chains, logistics and marketing strategies to maintain its leadership and competitive position at the forefront of global glass manufacturers.

In response to the stricter environmental standards about air emissions under the national carbon neutral policy, the PRC government has continued its tightened supply-side reform policies on the establishment of new float glass production capacity, acquisition of existing idle capacity and phase-out obsolete and non-compliant float glass production lines. The Group is embarking on prudent and flexible strategies in response to the current situation of the float glass market in the PRC and in global markets.

The Group expects the prices for soda ash may be less volatile in the first half of 2022, compared to 2021 levels, due to the more available supply for a constant demand in the PRC market. Energy costs may also be higher than 2021 levels as the PRC economy has substantially recovered from the impact of COVID-19 pandemic and high cruel oil price in global market. Thus, the Group is cautiously optimistic on the prospects for the float glass market, as well as on the average selling price trend in 2021.

The Group has been operating its first silica sand mine and processing factory in Beihai, Guangxi Zhuang Autonomous Region since the end of 2020. It represents the Group will be able to achieve a higher integration of glass production flow and better control of major raw material costs and quality. The Group will continue to explore more opportunities on new sources of raw materials in future.

The Sino-US trade dispute has had an adverse impact on the additional import tariff pressures on both the US aftermarket automobile glass customers and our Company, and this impact may persist in 2022.

It is expected that the PRC government would launch further relax and proactive economic and monetary policies to stimulate the domestic consumption cycle and stabilise the property market in 2022. The policies provide for the completion of building projects and the transfer of ownership to purchasers, which would lead to more construction activities in 2022. In turn, this would increase the demand for float glass and architectural glass businesses.

The Directors are also optimistic on the continuous development of its automobile glass aftermarket business in the global markets, as well as on the upbeat prospects of increased sales in the energy-saving and single and double insulated Low-E glass segments in the future.

After years of expanding its production facilities in the major economic zones of the PRC and Southeast Asia, the Group is exploring the acquisitions and new expansion opportunities in the PRC and overseas, which can provide direct access to other markets, lower labour and raw material costs, better production and energy costs and more favourable tax treatment and other incentives.

The acquisition of float glass business in Hainan province in mid-2021 has strengthened the float glass capacity and the Group's market coverage in the southern part of the PRC. The second phase of the Yingkou production complex is due to be built in 2022.

During the year, the Group has formed a new division dedicated to carbon neutrality, which will take responsibility for the planning, implementation and monitoring of the Group's carbon neutrality policies and targets. Its initiated energy conservation plan may also help to improve the overall energy cost structure of the Group.

Solar energy is among the most efficient, reliable and safe forms of renewable energy with lower installation costs than hydroelectric, nuclear and wind power. It is expected that there will be an increasing number of solar farms constructed in the PRC in the coming future in support of the national goal of “carbon neutrality” by 2060. Polysilicon is an essential feedstock for photovoltaics and is widely used to manufacture conventional solar cells. A new polysilicon joint venture was formed with Xinyi Solar in Yunnan Province, which increased our green and renewable energy investments. The Directors believe that clean and renewable energy will become the dominant source of energy in the future and that they will continue to drive growth in demand for clean and renewable energy in the PRC and global market.

The Group will continue to allocate sufficient resources to R&D, enhancement of product quality and introduction of new products, models and features, as well as exploring new markets, increasing production efficiency, achieving carbon neutrality goal and conducting staff training in the interests of maintain the manufacturing safety standard, competitiveness and, ultimately, enhancing profitability.

CONCLUSION

The Group continues to tackle and overcome challenges of different degrees amidst changes in the global market environments and adverse impact of the COVID-19 pandemic by bolstering its efficiency and increasing its profitability through more effective and flexible management across its cash management, information technology, logistics, supply chain, production, operational, marketing and R&D activities, as well as expansion of its business and continued collaboration with its customers and suppliers. The Directors believe that these will enable the Group to maximise the benefits from the domestic, emerging market and overseas business opportunities, in addition to being cautiously optimistic about the Group’s long-term business development prospects.

The Group will continue to implement proven business strategies to maintain and strengthen its growth and performance. To sustain its industry-leading position, the Group is also exploring opportunities for extending its business presence in the global glass market across a broader spectrum of industries, applications and products as well as developing other business partnerships that may turn out to be beneficial.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Directors confirm that the Company has complied with the applicable code provisions contained in the Corporate Governance Code (the “**Code**”) set forth in Part 2 of Appendix 14 to The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”) for the year ended 31 December 2021.

AUDIT COMMITTEE OF THE BOARD

The Company has established an audit committee (the “**Audit Committee**”), comprising five independent non-executive Directors namely, Mr. LAM Kwong Siu, G.B.S, Mr. WONG Chat Chor Samuel, Dr. WONG Ying Wai, G.B.S., J.P, Dr. TRAN Chuen Wah, John and Mr. TAM Wai Hung, David. Mr. LAM Kwong Siu, G.B.S. is the Chairman of the Audit Committee. The primary duties of the Audit Committee are to review and supervise the financial reporting process and risk management and internal control systems of the Group and provide comment and advice to the Board. The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended and as of 31 December 2021.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted The Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set forth in Appendix 10 to the Listing Rules as the code of conduct for securities transactions by the Directors. The Company has made specific enquiry with the Directors and all Directors confirmed that they have complied with the Model Code throughout the year ended 31 December 2021.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2021, the Company repurchased a total of 39,033,000 shares on the Stock Exchange. The repurchased shares were cancelled in August, September and December 2021, respectively. 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 the repurchase were charged against share premium account and retained earnings. An amount equivalent to the par value of the shares cancelled was transferred from the Company's retained earnings to the capital redemption reserve. The table below sets forth further information of these repurchases:

Month of repurchase	Number of shares of HK\$0.10 each repurchased	Highest price paid per share HK\$	Lowest price paid per share HK\$	Aggregate consideration paid HK\$'000
August 2021	19,396,000	30.50	27.60	562,186
September 2021	11,172,000	28.80	23.05	291,820
December 2021	8,465,000	19.46	17.90	158,973

Save as disclosed above, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of any listed securities of the Company during the year under review.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as of the date of this announcement, there is sufficient public float of not less than 25% of the shares are in the hands of the public as required under the Listing Rules.

PUBLICATION OF FINAL RESULTS

This announcement will be published on the websites of the Stock Exchange and the Company. The annual report of the Company for the year ended 31 December 2021 containing all the information required by Appendix 16 to the Listing Rules and other applicable laws and regulations will be despatched to the shareholders and published on the websites of the Company and the Stock Exchange in due course.

SCOPE OF WORK OF AUDITOR

The figures in respect of the Group's consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2021 set forth in this announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set forth in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this announcement.

FINAL DIVIDEND

At the meeting of the Board held on Monday, 28 February 2022, the Directors recommended the payment of a final cash dividend (the "**Final Dividend**") of 76.0 HK cents per share for the year ended 31 December 2021. The recommendation of payment of the Final Dividend is subject to the approval of the shareholders at the forthcoming AGM which is expected to be held on Thursday, 2 June 2022. If approved by the shareholders, it is expected that the Final Dividend will be payable on or about Wednesday, 6 July 2022 to shareholders whose names appear on the register of members of the Company on Monday, 13 June 2022.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 9 June 2022 to Monday, 13 June 2022, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the Final Dividend, all transfer documents 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 Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 8 June 2022.

AGM

The AGM will be held on or before Thursday, 2 June 2022. The register of members of the Company will be closed from Monday, 30 May 2022 to Thursday, 2 June 2022 (both days inclusive), during which period no transfer of shares will be registered. In order to determine the entitlement to attend and vote at the AGM, all share transfer documents 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 Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 27 May 2022. A notice convening the AGM will be published on the websites of the Stock Exchange and the Company and despatched to the shareholders on or before Friday, 29 April 2022.

On behalf of the Board
XINYI GLASS HOLDINGS LIMITED
Dr. LEE Yin Yee, B.B.S.
Chairman

Hong Kong, 28 February 2022

As of the date of this announcement, the executive Directors are Dr. LEE Yin Yee, B.B.S., Mr. TUNG Ching Bor, Tan Sri Datuk TUNG Ching Sai P.S.M, D.M.S.M, J.P. and Mr. LEE Shing Kan; the non-executive Directors are Mr. LI Ching Wai, Mr. SZE Nang Sze, Mr. LI Ching Leung and Mr. NG Ngan Ho; and the independent non-executive Directors are Mr. LAM Kwong Siu, G.B.S, Mr. WONG Chat Chor Samuel, Dr. WONG Ying Wai, G.B.S., JP, Dr. TRAN Chuen Wah, John and Mr. TAM Wai Hung, David.

This announcement will be published on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.xinyiglass.com.